

2012-2013



Operation and Management Study



Table of Contents

Introduction	1
An Overview – An Opportunity for Transformation	2
Executive Summary	3
Benchmarking Survey and Results	8
CVB Benchmarking.....	9
Facility Benchmarking.....	14
Immersion – Stakeholder Input.....	21
Operational Review	23
Financial Operations and Reporting	23
Internal Controls	23
Standard Operating Procedures	24
Technical Support – Stagehands.....	25
Concession Operations	25
Facility Software	25
Customer Service Management	26
Food and Beverage/Catering	27
Event Services.....	29
Event Service Checklist – An Industry Standard	30
Ticketing.....	33
Sales and Marketing	34
Proposed Booking Policy for Mayo Civic Center.....	37
Sales and Marketing Structure	39
Singular Marketing Plan.....	40
Market Prioritization	41
Deployment Plan	41
Maximization of Marketing Channels	41
Holistic Goal Setting.....	43
Past and Future Performance – Highest and Best Use	49
Governance and Management.....	52
Governance.....	52
A Singular Oversight Board	53
Government vs. Industry Appointed Board	53
SAG Proposed Governance Model.....	54
Management	55
MCC Staffing and Organization.....	56
The Mayo Clinic Partnership	58

Stakeholder Relations..... 61

Rochester Convention and Visitors Bureau 61

Rochester Chamber of Commerce..... 62

Rochester Downtown Alliance..... 62

The Rochester Arts Community 63

The Rochester Hotel Community..... 64

 Stakeholder Communications..... 65

Physical Plant 66

Lobby 66

Exhibit Halls 66

Meeting Rooms..... 67

Wayfinding..... 67

Current Box Offices – Future Welcome Centers..... 67

Conclusion – An Opportunity for Leadership..... 69

Introduction

Strategic Advisory Group (SAG) was engaged to perform an operational and management analysis of the Mayo Civic Center (MCC). SAG has met with over 50 stakeholders and performed a benchmarking analysis of eight Civic and Convention Centers and eight convention & visitors bureaus. SAG would like to thank the following individuals for their involvement in this study:

Andy Krogstad, Mayo Civic Center
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Sheila Sullivan, Children's Dance Theatre
Steve Schmidt, Mayo Clinic
Susanne Skree, Mayo Clinic
Teresa Thompson, Festival of Trees
Terry Lee, Culumus Media
TR Wheeler, Mayo Civic Center

SAG met with members of the MCC and Rochester Convention & Visitors Bureau (RCVB) staff to gain additional insight and information for this study. SAG would like to thank them for their support throughout this project. In particular, SAG would like to thank Donna Drews and Brad Jones for providing support throughout this process.

The combination of the input received from stakeholders and staff, the results of the benchmarking analyses and SAG's experience has been utilized in creating this report and recommendations.

An Overview – An Opportunity for Transformation

After interviewing project stakeholders and reviewing the benchmarking results, SAG believes the recommendations throughout this report will lead to an opportunity to transform the Mayo Civic Center. This report focuses on the future and the opportunities to realign the goals and overall impact of MCC. The input received in conjunction with the Prioritization Session that was held in October 2012 has created consensus around a focused new direction for MCC.

This direction and a review of the practices of the other facilities have created transformational recommendations in the areas of governance and sales and marketing. The implementation of these recommendations will create a common platform for measuring success. This will also create broad based accountability for all aspects of MCC. The RCVB and key community and industry stakeholders will be positioned to have direct responsibility to support the recommended changes. This will create a more unified community, which understands and supports the top priorities for MCC.

It is recommended current leadership of MCC and RCVB develop an implementation plan over the next 30 days that is approved and communicated to all stakeholders. The successful implementation of the recommendations contained in this report will require a significant commitment of time and resources. The process for full implementation should be accomplished over the next six months. It is recommended a facilitated approach be utilized that would engage an outside party to ensure the process was moving forward at an agreed upon pace.

The complete implementation of the recommendations will require a detailed and thorough approach to instituting new standards in all areas of MCC operations, including sales and marketing. In the meetings with MCC and RCVB staffs, it was apparent that there was interest in moving in a new direction.

Executive Summary

Strategic Advisory Group (SAG) has completed a review of the operations of the Mayo Civic Center (MCC). The review included one-on-one meetings with nearly 60 stakeholders including elected officials, City and MCC staff, Rochester Convention and Visitors Bureau board members and staff and benchmarking of regional destinations, including their Convention/Civic Centers and Convention and Visitors Bureaus. In addition, SAG utilized the firm's experience in supporting all aspects of Civic/Convention centers on behalf of over 250 clients over the past 20 years.

The overarching finding of this study is that there is an opportunity for transformation with the Mayo Civic Center to improve its competitiveness and overall impact.

CVB Benchmarking

Benchmarking surveys were received from eight regional peer CVBs.

- The benchmarking of Rochester's convention infrastructure indicated the city offers a competitive convention package as it relates to civic center size and hotel package.
- The analysis indicated the RCVB budget and staffing levels were in line with the benchmarks.
- The majority of the benchmarks have stated booking policies that are generally focused on room night generating events. The RCVB does not have stated booking policies. The benchmarking results revealed the importance of creating and implementing a booking policy for not only the RCVB, but the MCC sales team, which will allow the RCVB and civic/convention center to strive toward common, stated goals. Additionally, the analysis validated the importance of an incentive plan to reward exceptional sales performance.
- The benchmark analysis demonstrated the need for enhanced communication between the CVB and MCC sales teams and executive leadership. The majority of the benchmarks conduct regularly scheduled meetings between their respective teams. While the sales teams in Rochester meet fairly frequently, the Executive Directors of each team do not meet on a regular basis. This creates a challenge in understanding and collaboration on direction.

Facility Benchmarking

Facility benchmarking surveys were received from seven regional facilities.

- The benchmarking analysis revealed the MCC was one of the more active venues hosting over 400 events in 2011. Additionally, the MCC appears to be attracting a similar number of conventions as with the peer facilities. The MCC hosted 33 conventions in 2011 and the peer facilities generally hosted between 25 and 45 conventions. Conventions are an important event

type to host at the facility, as these events are typically citywide events that generate the majority of the hotel room nights and economic impact in the community.

- In terms of financial operating results, the MCC ranks near the middle in operating revenues. While the MCC is one of the busier facilities, there are some enhanced operating revenue streams evident for several of the benchmarks. Generally, these revenues relate to parking, food and beverage, and suite leases. Although some of the revenue streams may not be attainable in Rochester, such as parking and suite leases, there may be opportunity for enhanced revenues in the food and beverage department. The majority of the facilities surveyed handle the catering and concession operations thorough an exclusive in house operator.

Similarly, the MCC ranks near the middle when comparing operating expenses. The benchmarked facilities' operating expenses range from \$1.8 million to \$12.9 million. The MCC's operating expenses were \$3.7 million in 2011.

In general, the majority of the benchmarked facilities operate at a loss from year to year. This is somewhat typical of civic center and convention centers nationwide. Two of the benchmarked facilities had net operating income fueled by significant revenues streams related to suite leases and parking revenue.

- The benchmarked facilities employ between one to seven sales managers, with the majority employing from two to three. The MCC employs two sales managers, similar to the benchmarks.

The MCC currently employs one full-time event manager, and two part-time event managers, fewer than most benchmarks. An analysis of the ratio of event managers to total events revealed the MCC employs fewer event managers to service the events than most of the benchmarks. The MCC's 2011 number of events per event manager was just over 200 events. Generally, the benchmarks ranged from 45 to 125 events per manager.

- The majority of the benchmarks have booking policies. Currently, the MCC does not have stated booking policies but allows, for the most part, the RCVB preference to dates outside of 18 months of the event start date, with some historical event protection.
- The management and governance models varied to some degree but most of the respondents had a government appointed board made up of industry leaders to solely oversee the center.

Operational Analysis

SAG conducted an operational review and worked with the MCC staff to understand current practices.

- There is an opportunity to increase the effectiveness and outreach of the financial reporting. Improved reporting will help in informing future governing bodies about where the opportunities may exist to increase revenue and keep expenses in line.
- It was apparent in the operational review that there is an opportunity to create a standard operating procedures manual. The manual will detail the service levels needed to accommodate the highest priority meetings and conventions.
- A review of the existing facility software indicated there may be a need for performing a “utilization audit” with the provider to understand capabilities and potential opportunities for how the software is utilized.
- It is recommended an independent third-party be considered to handle all aspects of customer satisfaction surveying. This would allow for enhanced monitoring and tracking and allow for transparency.
- Interviews with facility users revealed concessions are not always available for their event and the desire for improving the types of product made available. Recommendations were made on creating standards for operation and products offered.
- Interviews with MCC staff and facility users revealed an opportunity to improve quality and training of technical set-up crews. It was recommended discussions with IATSE (union) take place about potential cross training of in-house staff, adding a full-time stage hand, and instituting a training plan.
- SAG reviewed current practices in ticketing and recommended some flexibility in the engagement of the arts partners.
- SAG reviewed the practices in food and beverage and determined the potential to evolve the current approach to be competitive with large convention clients. This led to the basis for recommendations to adjust the current food and beverage practices to potentially offer an exclusive caterer for the highest priority events, such as citywide convention and Mayo Clinic events. It is believed that this modification not only enhances the opportunity to increase revenues, but also shifts the selling and service of catering at the MCC to the expected levels of the meeting planners. The remaining event types could still have the opportunity to select from a preferred caterer list.
- The event services function can be the key to success for a large event coming to the MCC. SAG recommended new practices related to the approach in supporting clients and the wide variety

of coordination needs. SAG has also recommended an increase in the event services staffing levels to three full-time positions, including the existing director.

- SAG conducted a prioritization session to gain consensus on what types of events are the highest priority for the MCC. The session produced consensus that citywide conventions, sporting events with significant economic impact and Mayo Clinic meetings or conferences were the highest priority. SAG has proposed a new booking policy, which gives these events the first opportunity to secure a future date at the MCC. This refined strategy sets standards of execution in sales and operations. The approval of this booking policy will help clarify future decisions regarding space availability.
- SAG reviewed the current sales structure at the MCC and Rochester Convention and Visitors Bureau. SAG reviewed the current functionality and made recommendations to improve the overall process and broaden overall accountability. The areas of functional recommendations included a joint marketing plan, new sales deployment, a new goal setting process and a consistent sales performance plan. In conjunction with the recommendations related to functionality, SAG is recommending a new structure for sales and marketing. The new structure is designed to create a seamless sales and marketing team that is accountable for both economic impact as well as MCC revenue. In meetings with the current sales teams and staff members, there was agreement that a seamless approach would increase the future bookings of the “highest and best use” activities.

Governance

The governance model for a facility and CVB are vital for long-term success. The current governance model has numerous oversight committees and organizations. SAG has recommended streamlining the current governance model and creating a board of directors for the MCC that will have fiduciary responsibilities and direct supervision of the executive director. The recommended model includes a close working relationship with the RCVB board that includes the sharing of goals and accountability.

In conjunction with the operational recommendations, SAG has recommended revisions to the current organizational chart for the MCC. These include the addition of two event coordinators and a fulltime technical support position. The proposed organization chart also includes the relocation of the sales team to RCVB.

Mayo Clinic Partnership

SAG met with several representatives of the Mayo Clinic. The partnership with the Mayo Clinic is important in terms of business development and overall community relations. In the meetings with the Mayo Clinic staff, it was apparent that there was interest in exploring opportunities to further develop the strategic relationship with MCC. SAG has recommended furthering integrating the Mayo Clinic staff into the booking process. SAG has recommended the creation of a sales and marketing plan created in conjunction with the Mayo Clinic’s overall goals.

Stakeholder Relations

SAG met with stakeholders from many community organizations. These included the Chamber of Commerce, the Rochester Downtown Alliance, the RCVB, local arts organizations and the hotel community. These groups have a high degree of interest in participating in a future direction for the RCC. Many of them looked forward to supporting a new reporting plan as well as booking policy. SAG has recommended a stakeholder communication strategy that includes a monthly report of key metrics designed for information and engagement in supporting future success.

Physical Plant

SAG has recommended an interim plan for capital improvements designed to utilize an interim investment to increase the MCC competitiveness while the continued advocacy for the expansion continues. It is important for investment to be made during this period.

Summary

The new direction that has been recommended creates an opportunity for leadership in refining the future of the Mayo Civic Center. The combination of committed elected officials and city administration, focused staffs of MCC and RCVB, and an engaged stakeholder community can implement the recommendations contained in this report. A dedicated facilitator will also help keep the implementation on track.

Benchmarking Survey and Results

As part of the operation and management study, the City desired to understand how the Rochester Convention and Visitors Bureau (RCVB) and Mayo Civic Center (MCC) compared to several peer organizations and facilities in various operating and management areas.

Benchmark surveys were sent to several peer CVBs and civic facilities located throughout the region. These communities were selected based upon feedback received from RCVB and MCC management and project stakeholders. Benchmarked communities included:

- Cedar Rapids, IA
- Des Moines, IA
- Duluth, MN
- LaCrosse, WI
- Madison, WI
- Mankato, MN
- Moline (Quad Cities), IL
- St. Cloud, MN
- St. Paul, MN
- Sioux City, IA

CVB Benchmarking

Destinations that participated in the CVB benchmark included Des Moines, Duluth, LaCrosse, Madison, Mankato, Moline (Quad Cities), St. Cloud and Sioux Falls.

Population

Based upon the U.S. Census Bureau 2011 estimates, the City of Rochester ranks near the middle in terms of population. The benchmark communities represent a representative sample, in terms of population, with half being larger and half being smaller than Rochester.

St Paul	288,400
Madison	236,900
Quad Cities	216,900
Des Moines	206,600
Sioux Falls	156,600
Cedar Rapids	127,900
Rochester	107,900
Duluth	86,300
Sioux City	83,000
St Cloud	66,200
LaCrosse	51,700
Mankato	39,500

Hotel Infrastructure

The benchmarking of Rochester's market-wide hotel supply revealed that the community offers an above average supply of market-wide hotel rooms and the most hotel rooms within walking distance (4 blocks) of the facility.

	Market-Wide Hotel Rooms		
	Full-Service	Select-Service	Total
Des Moines	3,731	6,600	10,331
Madison	3,218	4,139	7,357
Rochester	1,806	3,662	5,468
Quad Cities	1,000	4,400	5,400
Duluth	2,112	2,657	4,769
Sioux Falls	1,014	3,276	4,290
LaCrosse	628	1,381	2,009
St Cloud	589	1,205	1,794
Mankato	543	625	1,168

Hotels within Walking Distance		
	Rooms	Hotels
Rochester	1,399	5
Duluth	1,271	7
Des Moines	1,111	5
Sioux Falls	890	7
Madison	454	2
LaCrosse	416	4
St Cloud	385	3
Quad Cities	320	2
Mankato	268	2

Availability of hotel rooms attached/adjacent or within close proximity is a top priority of meeting planners and their delegates.

Rochester has a competitive package in terms of how many hotel rooms can be offered for a room block for civic center delegates. Only three of the benchmarked destinations have the ability to offer more hotel rooms on weekdays, the prime meeting days for events.

Hotel Room Blocks		
	<u>Sun-Thur</u>	<u>Fri-Sat</u>
Sioux Falls	3,400	3,000
Des Moines	3,000	4,000
Quad Cities	2,700	2,700
Rochester	1,600	3,300
St Cloud	1,600	1,500
Madison	1,200	1,200
Duluth	900	900
Mankato	800	800
LaCrosse	Whatever is needed	

Taxes Paid on Hotel Rooms

Rochester's 11.38% tax paid on hotel rooms is competitive, ranking near the middle, when compared to the benchmarks. Madison ranked the highest at 14.50% and Des Moines the lowest at 7.00%.

Hotel Room Taxes					
	<u>Sales</u>	<u>Hotel</u>	<u>Other</u>	<u>Other</u>	<u>Total</u>
Madison	5.50%	9.00%			14.50%
LaCrosse	5.00%	8.00%	0.50%		13.50%
Duluth	6.50%	6.50%			13.00%
Quad Cities	5.00%	7.00%			12.00%
St Cloud	6.88%	5.00%	0.05%		11.93%
Rochester	6.88%	4.00%	0.50%		11.38%
Mankato	7.75%	3.00%			10.75%
Sioux Falls	6.00%	1.50%	2.00%	\$2.00	9.50%
					+\$2
Des Moines	5.00%	2.00%			7.00%

CVB Budget

The benchmarking analysis revealed that CVB budgets range from a minimum of \$500,000 to a maximum of \$4.2 million. The Rochester CVB ranks near the middle of the benchmarks with an approximate \$1.8 million annual budget. It should be noted that of the \$1.8 million budget, approximately \$450,000 is for operational funding of the Rochester Amateur Sports Commission. The budget for CVB 6 also includes funding for a sports commission.

CVB Budget			
	Total	Group Sales/Mkt.	
	<u>Budget</u>	<u>Budget</u>	<u>% of Total</u>
CVB 1	\$4,200,000	\$2,500,000	60%
CVB 2	\$3,200,000	*\$500,000	16%
CVB 3	\$2,600,000	\$405,000	16%
CVB 4	\$2,100,000	no response	
Rochester CVB	\$1,750,000	\$757,500	43%
CVB 6	\$1,500,000	\$750,000	50%
CVB 7	\$979,000	\$200,700	21%
CVB 8	\$820,000	\$185,000	23%
CVB 9	\$500,000	\$40,000	8%
*Excludes salaries.			

In terms of the total budgets that are related to group sales and marketing, the benchmarks spend a minimum of 8% and a maximum of 60% of their total CVB budgets on group sales and marketing. The Rochester CVB spends approximately 43% of their total budget on group sales and marketing, above the 27% average of the benchmarks.

Booking Authority and Parameters

CVB's typically fall into two categories as it relates to booking events into event facilities. Some CVBs have the authority to book events if the event occurs in a specified booking window and size parameter. Other CVBs have no booking authority and may only refer the events to the center and the center sales team books the event.

The benchmarked CVBs were asked for which time periods the CVBs sales staff had authority for booking their respective event facilities. The time periods were if the event desired to book:

- Greater than 18 months out from the event date
- 18 to 12 months from the event date
- Less than 12 months from the event date

Five of the eight CVB's stated they had no authority to book events for any time period and can only refer events to the center's sales team. As with the majority of the benchmarks, the Rochester CVB does not have the authority to book the MCC for events.

Three of the eight CVBs stated they had the authority to book the center if the event occurred further than 18 months from the booking date. The remaining five CVBs do not have the authority to book the center and can only refer the business to the center's sales team for booking.

Only one CVB stated they had the authority to book events that occur within 18 months of the booking. Recommendations on the group sales and marketing structure and booking practices are discussed later in this report.

Booking Policies

Half of the benchmarked CVBs have stated booking policies in some form. The RCVB currently has no stated booking policy. Of those CVBs with booking policies, the policies are written to focus on room night generating events. In addition, most contain language regarding peak night room block requirements the event must achieve. Peak night room block is defined as the highest number of hotel rooms an event requires on a particular night during the event. The size of the room block determines how far in advance the event can be booked. Generally, events with larger room blocks can be booked farther in advance while events with smaller room blocks must occur closer to the date when the event occurs.

Booking policies allow the CVB and civic/convention center to strive toward common, stated goals. Recommendations on booking policy implementation are discussed later in this report.

Annual Group Room Booking Goals

Nearly all of the benchmarked CVBs formulate annual group room night goals for their sales staff. As with the benchmarks, the RCVB sales staff currently has goals for room nights booked, room night leads generated, percent of new business versus repeat and booking events during need periods.

Sales Staffing

The benchmarked CVBs employ from two to six full-time sales staff members, with an average of 4. The RCVB currently employs 4 full-time sales managers and is in line with the benchmarks. Recommendations on future sales staffing are discussed later in this report.

Meeting Frequency with Center Staff

Open lines of communication between the CVB and facility sales teams are imperative to the overall success of booking the facility. This communication offers opportunities for the teams to discuss pieces of business, including definite, prospective and tentative business that each team is pursuing. This also affords an opportunity to discuss the time periods that the facility is in need of booking events.

The benchmarked CVBs have joint meetings with the facility sales teams ranging from a weekly, to monthly, to quarterly basis. The RCVB indicated that their sales team meets with the MCC sales staff person a few times per month, which is in line with the benchmarks.

While meetings between the sales staff of the two organizations might be adequate, further discussions with the RCVB and MCC management revealed that the Executive Directors of each team do not meet on a regular basis. This could create a challenge in understanding and collaboration on direction. The relationship between MCC and RCVB are discussed later in this report.

Staff Incentives

Five of the eight benchmarked CVBs offer an incentive/bonus to their sales managers based on measurable goals that are set by the director, such as room nights that are attributable to the booked events. The RCVB also offers incentives to their sales team. According to the RCVB, all sales staff members have incentives for room nights booked, room night leads, percent of new vs. repeat accounts and need date bonus. They also have a room night pick-up bonus when the business is realized. The executive director also has an incentive on room nights booked and room night leads. Additionally, the RCVB sales staff has an incentive on room nights picked up. A new incentive plan is discussed later in this report.

Facility Benchmarking

As with the CVB benchmark surveys, facility benchmark surveys were sent to several peer civic facilities located throughout the region. These communities were selected based upon feedback received from the MCC management and recommendations received during interviews with community leaders.

Facilities that participated in the benchmark are as follows:

<u>Facility</u>	<u>Location</u>
Duluth Entertainment Convention Center	Duluth, MN
iWireless Center	Moline, IL
LaCrosse Center	LaCrosse, WI
Mayo Civic Center	Rochester, MN
Monona Terrace	Madison, WI
St. Cloud River's Edge Convention Center	St. Cloud, MN
St. Paul RiverCentre	St. Paul, MN
Sioux Falls Convention Center	Sioux Falls, SD

Facility Size

The MCC ranked near the middle of the benchmarked facilities in terms of leasable square feet. Two of the facilities, Duluth Entertainment Convention Center and the St. Paul RiverCentre, offer substantially larger exhibit square feet. However, these facilities were included in the analysis due to the fact that their proximity makes them direct competitors to the MCC. Other than these two facilities, the remaining facilities are comparable in terms of their programmable square feet.

Facility Utilization

The benchmark surveys revealed that MCC is one of the busier facilities, in terms of number of events, hosting over 400 events in 2011. Only the Monona Terrace in Madison, WI hosted more events.

When comparing the number of events by event type, the MCC appears to be attracting a similar number of conventions as with the peer facilities. The MCC hosted 33 conventions in 2011 and the peer facilities generally hosted between 25 and 45 conventions, excluding the two facilities that hosted three and seven conventions. Conventions are an important event type to host at the facility. These events are typically citywide events that generate the majority of the hotel room nights and economic impact in the community. While a detailed analysis of each event was not part of this analysis, the MCC hosts a comparable number of conventions annually.

Facility Attendance

The MCC also generates more annual attendees than the majority of the benchmarks. Of those facilities who supplied the information, only the St. Paul RiverCentre and the iWireless Center generated more annual attendees.

	Duluth Entertainment Convention Center	Saint Paul RiverCentre	LaCrosse Center	St. Cloud River's Edge Convention Center	Monona Terrace	Mayo Civic Center	Sioux Falls Convention Center	iWireless Center
Facility Program								
Arena SF (floor)	43,600 ¹	44,800	21,000	0	0	25,000	0	27,400
Exhibit SF	150,000	104,700	54,000	59,000	37,200	25,200	33,600	0
Ballroom SF	38,000	27,100	8,000	16,000	13,500	4,000	16,800	0
Meeting SF	75,500	18,700	7,000	13,900	11,500	14,700	10,500	10,200
Theater SF					22,100			
Auditorium SF						15,000		
Total Leasable SF	307,100	195,300	90,000	88,900	84,300	83,900	60,900	37,600
Number of Events								
Conventions	46	7	28	39	31	33	24	3
Tradeshows		10	6			22 ²	10	
Consumer Shows	12	10	10	19	23		12	
Corporate/Conferences		100	3	122	31	83		210
Sporting	55	37	10			19		41
Entertainment	35	10	17		112	77	26	42
Banquets/Social	223	72	55	88	210	86	76	44
Other Meetings		8	15	63	223	93	143	48
Total Events	371	254	144	331	630	413	291	388
Attendance								
Conventions	34,000	49,700	36,000	29,300	31,200	52,000	7,900	1,300
Tradeshows	n/a	24,800	27,000			27,100 ²	11,700	
Consumer Shows	n/a	119,100	24,000	35,300	41,400		64,900	
Corporate/Conferences	n/a	66,300	5,000	22,900	9,700	24,000		21,400
Sporting	n/a	55,100	30,000			47,500		112,300
Entertainment	n/a	36,600	73,000		45,400	120,700	32,000	178,700
Banquets/Social	n/a	179,300	21,000	39,900	49,800	27,900	23,600	13,200
Other Meetings	n/a	2,100	28,000	2,500	36,500	8,800	16,400	48,700
Total Events	34,000	533,000	244,000	129,900	214,000	308,000	156,500	375,600
Source: Facilities.								
¹ Includes two arenas.								
² Includes consumer events.								

Operating Revenues

Operating revenues and expenses of the benchmarked facilities are presented in the following table. The names of the facilities have been omitted for confidentiality purposes.

The benchmarked facilities generated from \$1.3 million to nearly \$13 million in operating revenues annually. In 2011, the MCC generated approximately \$2.9 million in operating revenues. Of the five facilities that generated more revenues, some of their operating attributes include:

- Four offer in-house exclusive caterers/concessionaires; one handles in-house
- Four generate parking revenue by charging for parking
- One generates revenue from suite leases in the arena

Facility	1	2	3	4	5	Mayo Civic Center	7	8
Operating Revenues								
Building Rental	\$362,400	\$1,726,600	\$450,000	\$899,000	\$488,500	\$1,150,000	\$1,598,000	\$1,205,000
Equipment Rental	97,100	749,500	300,000		63,700	35,500	362,000	837,000
Box Office/Ticketing	609,700	0	54,000	0	18,400	149,500	396,000	0
Food & Beverage		5,749,100		190,000	2,478,300	0		
Catering	180,100		135,000			184,000	2,448,000	1,393,200
Concessions	542,000		358,000			525,000	777,000	
Contract Services (AV, electric, security, etc)	412,300	1,625,900			395,600	296,000	334,000	101,800
Parking	160,000	2,592,300	0	0	0	0	893,000	84,000
Other	2,447,200	473,900	390,000	194,000	44,000	605,700	864,000	542,700
Total Revenues	\$4,810,800	\$12,917,300	\$1,687,000	\$1,283,000	\$3,488,500	\$2,945,700	\$7,672,000	\$4,163,700
Operating Expenses								
Payroll	\$2,083,300	\$3,605,600	\$909,000	\$862,700	\$996,600	\$1,549,100	\$4,389,000	\$4,432,300
Marketing/Advertising/Promotion	134,700	95,600	30,000		21,200	32,000	34,000	325,800
Maintenance/Repairs	339,800	201,600	80,000		53,700	132,500	301,000	297,700
Supplies/Equipment	41,300	286,900	90,000	134,300	133,700	355,700	1,557,000	473,400
Food & Beverage		4,669,300	0		1,939,200	578,300		
Catering	0		0				695,000	0
Concessions	0		0				195,000	
Utilities	509,300	1,894,300	450,000		246,300	719,800	992,000	479,400
Insurance	238,200	133,900	74,000		61,700	94,400	323,000	0
Other	1,269,600	1,986,000	500,000	755,200	530,800	275,600		1,117,000
Total Expenses	\$4,616,200	\$12,873,200	\$2,133,000	\$1,752,200	\$3,983,200	\$3,737,400	\$8,486,000	\$7,125,600
Income/(Loss)	\$194,600	\$44,100	(\$446,000)	(\$469,200)	(\$494,700)	(\$791,700)	(\$814,000)	(\$2,961,900)

Source: Facilities.

The food and beverage revenues at four of the facilities range from \$1.4 million to over \$5.7 million; the fifth facility mainly generates concessions revenue. The parking revenues generated range from \$84,000 to over \$2.5 million. Food and beverage and parking offer significant revenue streams at these facilities.

The remaining three facilities, including MCC, offer several preferred caterers and do not charge for parking.

Operating Expenses

The benchmarked facilities' operating expenses range from \$1.8 million to \$12.9 million. The MCC's operating expenses were \$3.7 million. Operating expenses vary from facility to facility and without understanding the characteristics and nuances of each, it is difficult to comment on any one line item. However, when simply calculating the operating expenses as a percent of the operating revenue, the benchmark average ratio of operating expenses to operating revenues is 122%. The MCC's ratio is similar at 127%.

Operating Income/Loss

In general, the majority of the benchmarked facilities operate at a loss from year to year. This is somewhat typical of civic center and convention centers nationwide. Two of the benchmarked facilities had net operating income. These two facilities had significant revenues streams, including suite leases and parking revenue.

Funding of Operational Losses

Operational losses are funded in a variety of ways. However, in general losses are funded in whole or in part by hotel taxes. Should hotel taxes be insufficient to fund the entire amount, the City's general fund or other source might pay for the remaining amount. This was the case for the benchmarked facilities as well.

Food and Beverage Operations

As previously mentioned, the majority of the benchmarks handle both catering and concessions through an in-house exclusive operator (i.e. Levy Restaurants, Aramark, etc.) or operate and manage the departments themselves. Based on the financial information provided, these facilities achieve higher food and beverage revenues than those facilities that offer a listing of preferred caterers. While it is difficult to understand whether there is a direct correlation between exclusive caterers and higher revenues with regard to the benchmarks, it has been our experience that offering this in-house or through an exclusive arrangement enhances the marketing and selling opportunities for the center. The MCC and two other benchmarked facilities offer outside, preferred caterers. Recommendations on food and beverage operations are discussed later in this report.

Sales Staff and Event Management

Critical components of operating successful civic centers include successfully booking the facility and offering quality overall management of the events from the time of booking to the actual event. The benchmarked facilities were asked to comment on the number of sales persons and the number of event managers they had employed.

The benchmarked facilities employ between one to seven sales managers, with the majority employing from two to three. The sales managers are in addition to the sales managers employed by their respective CVBs. The MCC employs two sales managers, similar to the benchmarks.

The benchmarked facilities employ between zero to six event managers, with the majority employing from three to five. The MCC currently employs one full-time event manager, and two part-time event managers, fewer than most benchmarks. Based on conversations with MCC management and staff, the two part-time managers are actually the MCC sales managers. While it is understood that oftentimes certain staff members rotate between some of the various positions at the facility, it is not recommended the sales team be included in this practice. When sales staff members are working in other positions, they are taken away from their main function of selling the facility.

Further analysis of the ratio of event managers to total events revealed the MCC employs fewer event managers to service the events than most of the benchmarks. The MCC's 2011 number of events per event manager was just over 200 events. Only one facility had a higher event per manager number. Generally, the benchmarks ranged from 45 to 125 events per manager.

Recommendations on staffing are discussed later in this report.

Booking Parameters

The benchmarked facilities were asked for which time periods the sales staff had authority for booking their facilities. The time periods were if the event desired to book:

- Greater than 18 months out from the event date
- 18 to 12 months from the event date
- Less than 12 months from the event date

Six of the seven facilities stated they had the authority to sell/book the center for all time periods. The MCC and one facility stated they did not have the authority to sell to events greater than 18 months out. These events were handled by their respective CVBs. This is oftentimes the case at facilities throughout the country.

All of the benchmarks stated they had the authority to sell/book event within 18 months of the event start date.

Booking Policy

Five of the benchmarked facilities stated they have booking policies. Generally speaking, the policies differ and are based upon on event type, length in advance of booking, peak hotel room block and overall space requirements for the event.

Currently, the MCC has no written booking policy. The facility allows, for the most part, the RCVB preference to dates outside of 18 months of the event start date, with some historical event protection. This booking policy practice is similar to the benchmarks as it relates to events booking more long-term; however, there appears to be no formal definition of the event attributes, such as peak room nights required, event space needed, etc.

While the MCC and the RCVB have an unwritten agreement, although informal, the MCC has no booking policy in place for their facility sales team. Without booking policies for the sales team, there is no formal direction on what types of events can be booked and when they can be booked. Discussions with the sales team revealed differing opinions on what events should take booking precedence. If booking policies were in place, this would not happen and would allow the MCC and RCVB to work in tandem and focus on specified goals.

Recommendations on booking policies are discussed later in this report.

Sales Team Goals

The benchmarked facilities were asked if they had specified goals for the sales staff, such as number of hotel room nights associated with events, food and beverage revenues, etc. Five of the benchmarked facilities stated that they had specified goals for the sales team. Some of the sales metrics include:

- Hotel room nights
- Rental fees
- Service income
- Food & Beverage income
- Number of bookings
- Total value of bookings

The MCC stated that there are currently no specified goals for the sales team and performance measurements are based upon the overall facility activity levels. Measurable goals are a necessity in any organization. Setting goals for each sales team member and for the sales team as a whole allows for success of the facility's overall mission and allows for facility management to hold sales team members accountable for performance.

Goal setting recommendations are included later in this report.

Management and Governance

As it relates to the management of civic facilities, while publically owned assets, the facilities are either publically managed or privately managed. The benchmark analysis revealed that five of the facilities are publically managed and two of the facilities are privately managed. The two that are privately managed are the Sioux Falls Convention Center, managed by Global Spectrum and the St. Paul RiverCentre, managed by the St. Paul Arena Company. The publically managed facilities had a common feature which was a singular oversight board or committee.

As it relates to governance, the majority of the survey participants had government appointed (Mayor or City Council) boards or authorities whose main focus was on the facility. The MCC is the only facility

within the benchmark set that is governed by a board whose primary focus may be on other components of the community and secondary focus on the facility. Based on the benchmarks, oversight by a board whose sole focus is not on the facility may not be the most effective governance model.

The makeup of a governing board is critical in its overall effectiveness in supporting a facility such as the MCC. One of the respondents had a model where the board members were nominated by the stakeholders and formally appointed by the City Council. This approach brings expertise to the nominating process and keeps the elected officials very involved in the outcome.

Recommendations for governance will be discussed later in this report.

Immersion – Stakeholder Input

SAG met with over 50 community stakeholders and MCC staff members. These discussions were designed to gain insight and understand current communications activity. The participants consistently showed interest and willingness to support the MCC. There was also consistent feedback as to the importance of the MCC as an economic generator and an asset for the local community.

SAG has reviewed the input and identified common themes that were presented in these meetings. The following is an overview of these areas of input.

The Need for Broad-Based Reporting

In many meetings, the stakeholders felt uninformed about the results or key priorities of the MCC. Many of the stakeholders represented organizations that had a close relationship with the MCC and they communicated a lack of overall knowledge of operational practices and procedures. One important example of this was the lack of understanding of whether there was an agreed upon booking policy that reflected the overall priority of events at the MCC.

Many stakeholders were unclear on what measurements were used to determine success for the MCC and had read articles related to the deficit, but were unclear about other important indicators, such as overall economic impact, which is one of the reasons communities support such facilities.

The stakeholders understood that there may not have been a policy or practice in place for reporting. There was widespread interest in receiving information and understanding future results.

Concern over the Physical Condition of the Center

Many stakeholders expressed concern over the current physical condition of the MCC. The areas included the public spaces and the back of the house of the MCC. Concern was also expressed in terms of the quality of the equipment that was being utilized to service the wide variety of events at the MCC. Some of the users have invested significant resources in decorating and adding rental furniture to bring the building up to the standard needed for their attendees.

The Need to Understand Economic Impact and Community Impact in Conjunction with the Operating Deficit

SAG received feedback related to the current level of economic and community impact and the operating deficit. Stakeholders were concerned over one or more of these success measures and were not clear how the MCC balanced these objectives. In some cases, there was a lack of clarity over which of these objectives was most important and how that was decided.

The Need for a Proactive Communications Plan

Many stakeholders commented that the only information they received was through the media and the focus was always on the deficit. Many interviewees recommended that a proactive communication plan be instituted. There was feedback on the fact that most citizens were unaware of the broader impact of citywide conventions and other events that met at the MCC.

The Mayo Staff is Responsive to Customer Needs – There is an Opportunity to Improve the Overall Quality

There were a mixture of comments related to the overall service levels at MCC. Many users had positive comments and also expressed a need to increase the overall level of service. One long-time major user summed it up by characterizing his relationship with a key staff member as “wonderful,” but characterizing the overall service as somewhat inconsistent. There was a sense of a lack of sufficient staffing levels with some current users.

Stakeholders Want to Be Involved

The vast majority of interviewees had a high degree of interest in the long-term success of MCC. They expressed interest in being involved in supporting continuous improvement. It was clear that everyone views MCC as a critical asset for Rochester.

The interviews demonstrated an interest in participating in the overall success of MCC. Over 90% of the interviewees pledged to stay engaged. *SAG recommends that all interviewees are placed on a list to receive monthly updates on the progress and results of MCC.*

Operational Review

SAG met with the management team of the Mayo Civic Center and reviewed current practices and procedures. The following members of the management staff were interviewed:

- *Donna Drews, Executive Director*
- *Andy Krogstad, Managing Director*
- *Matt Esau, Director of Sales*
- *David Silker, Director of Facility Operations*
- *Randy Blake, Facility Operations Supervisor*
- *TR Wheeler, Director of Event Operations*
- *Laura Woolworth, Ticket Operations & Marketing Manager*

Financial Operations and Reporting

The current MCC financial operations team has the responsibility of collecting the revenue and expense information and forwarding it to the City finance department for the production of the MCC's current financial statements. This creates a separation of duties, which is helpful in the overall assessment of internal control practices. The City finance department produces the financial statement for the MCC in a format that is consistent with other City departments.

This format presents a challenging tool for reviewing the specific results of key departments or key business areas of the center. SAG discussed this process with the staff and there was agreement that a new formatting model was needed. *SAG recommends new financial reporting by department that will inform the staff and key stakeholders where there are potential opportunities for revenue growth and expense management.*

SAG also reviewed the ability to determine if a particular event has met or exceeded its financial projections. Currently there are no productivity models or staffing guides in place to determine if an event has met its financial projections. *It is recommended that revenue and expense models be created for all major event types.*

Internal Controls

SAG reviewed the current practices and policies for internal controls. In an environment that accepts cash and various forms of payment, these policies are important. SAG was informed that there were practices related to purchasing and who could issue purchase orders, but there were no other written accounting or internal control policies. *It is recommended accounting policies be developed that would*

include internal controls as well as cash handling procedures. These policies would outline procedures for the separation of cash depositing and reconciliation.

In the overall review of the financial reporting, there is an opportunity to create a new Profit and Loss format from the information received from the City that will provide better analysis. This can be used to determine areas of opportunity for improvement. The other important benefit of a new profit and loss statement is the creation of more transparency in the understanding of the staffing and other expenses that are needed to run the MCC.

Standard Operating Procedures

SAG met with the supervisors and managers in all of the operational areas and included:

- Event Management
- Sales
- Security
- Maintenance – Custodians
- Set up
- Technical Support – Stagehands
- Ticketing

SAG requested and received materials related to operational procedures and current standards. The following documents were received:

1. Security Staff Manual
2. Maintenance/Custodian Checklist
3. Building/Room Checklist
4. Event Staff Manual – Dated 2005

In the meetings with the management team, SAG discussed the potential benefit of having a Standard Operating Procedures manual (SOP) covering all aspects of the MCC operation. There was support for this as a tool for driving consistency and improving the overall quality of the operations. *SAG recommends the creation and implementation of a SOP for the purpose of involving the entire team and the governing bodies in setting standards in the future that are aligned with the priorities determined in the Prioritization Sessions.*

The SOP would create standards related to all aspects of MCC operations. The development of the SOP should also be completed in conjunction with a variety of users. The focus would be on those users that represent the highest priority business for MCC. The SOP would cover service standards, cleaning and maintenance checklists, and all key procedures designed to support consistent quality. This implementation would be led by the MCC management and reviewed by all stakeholders. This would

ensure a broad-based understanding of new MCC quality standards. The creation of the SOP will increase the clarity of service standards which is an important tool in the effective selling of the MCC. Sales Managers will be trained to understand the standards and convey this to future clients.

Technical Support – Stagehands

Discussions with MCC staff and building users identified an opportunity to improve the quality and training of the technical set up crews. This work is under the jurisdiction of IATSE (International Alliance of Theatrical Stage Employees). The large fluctuations in staffing needs, coupled with the small amount of theatrical work available locally beyond MCC, create a challenge in delivering a trained and knowledgeable crew for all types of events. SAG spoke with the IATSE business agent and MCC management to discuss the possibility of cross-training the in-house set up personnel to handle some of the technical duties or adding a full-time stagehand to the organization. This would create an “in-house” capability to handle these needs. *SAG recommends the institution of a new staffing and training plan for the stagehands. SAG also recommends the addition of one full-time stagehand to provide both continuity and preventative maintenance in this important area.*

Concession Operations

SAG interviewed existing users of the MCC regarding concessions. Based on these discussion, it appears that there may be an opportunity to increase the consistency of concessions at events and performances. This relates to food and beverage products offered as well as when concessions are offered. Any patron who is attending a concert or other performance should have the opportunity to utilize a concession stand regardless of size. *SAG recommends creating a standard for the availability of concessions at all performances.*

Facility Software

USI, the operating system for MCC, is a software platform with a wide variety of capabilities. These include labor analysis and facility maintenance scheduling. The reporting recommendations can be created utilizing the MCC software package. In discussions with MCC staff, there was agreement that the software package had a broad range of capabilities. *SAG recommends a “utilization audit” with USI to determine opportunities to maximize the capabilities of the system. SAG also recommends developing a plan for data to flow seamlessly between the RCVB customer relations software and the MCC platform.*

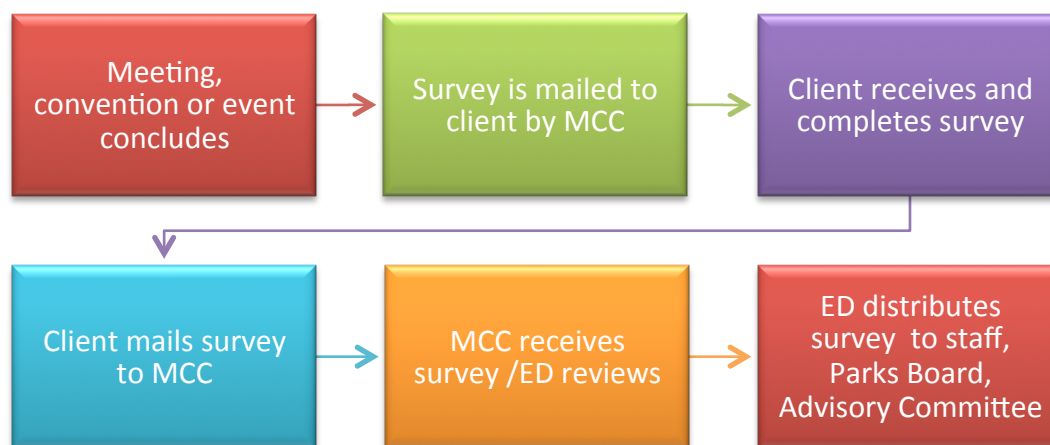
Customer Service Management

SAG reviewed the current practices for monitoring customer service at MCC. Presently, all event organizers receive a survey asking them to rate the service and their overall satisfaction with MCC. The survey is mailed to the client after their function with a return envelope. The survey is mailed back to MCC and reviewed by the Executive Director. The surveys are circulated to the staff as well as the Park Board and Advisory Committee. If there is a comment that warrants follow up, the Executive Director will call the client to gain further insight.

The staff estimates that 20% of the clients that receive surveys complete the surveys and return them. There is currently no report that shows which clients have returned their survey and which have not.

SAG recommends changing the practice for gaining customer feedback to include an independent party to monitor, receive and tabulate the results. This will create transparency and the ability to analyze the results and understand trends in all areas.

Current Practice



Current Post-Event Feedback Process

Proposed Process



Proposed Post-Event Feedback Process

The implementation of an independently monitored customer service management plan will identify the current areas of strengths and weaknesses. For example, the stakeholders that were interviewed had a wide range of comments related to the current service quality at MCC. The recommended approach will be an important tool in gaining insight on how to increase the consistency of service.

Food and Beverage/Catering

SAG reviewed the current practices related to Food and Beverage and Catering services. Currently, the MCC offers a variety of caterers to clients. The client is supplied a list of preferred caterers and requests proposals from the caterers they choose. The client enters into a separate agreement with the selected caterer and the caterer provides the service in the MCC during the event.

There are currently sixteen approved caterers for MCC. The requirements for being a preferred caterer include a current business license, health permit, and liability insurance. The benchmarking survey revealed that two of the competitors utilized a selection of outside caterers and five had exclusive contracted caterers, either in-house or contracted.

The direction from the Prioritization Session, discussed later in this document, has implications for the future direction of Food and Beverage and Catering. While a separate analysis was not completed, MCC staff informed SAG that over 50% of convention planners showed concern for the current practice of offering several preferred caterers. Taking into consideration the recommendation and interest in the growth of these types of conventions as well as the interest in providing options for other users, SAG recommends the following changes to the current Food and Beverage Program.

1. Create an option for Convention Meeting Planners for the MCC and RCVB staff to propose a specific catering plan.

- a. The MCC and RCVB staff would have the ability to create a food and beverage proposal using a predetermined catering provider. There would be an RFP process created to select the caterer for this specific market. The selected caterer would have a three-year agreement to provide exclusive services to the Convention Market.

2. Add an RFP step to the process for the determination of caterers for the preferred list.

- a. MCC staff would create an RFP with service and quality standards included.
- b. The proposed RFP process would occur every three years.
- c. A panel would be created and include MCC staff and key stakeholders. Specific service and quality requirements would be agreed upon that all preferred caterers would be required to follow in order to be considered for preferred status.

3. Develop standards for food presentation – provide set up support.

- a. MCC would develop set up and overall quality standards for buffet or plated meals served by a preferred caterer. MCC staff would set up and decorate the tables for presentations and the preferred caterer(s) would deliver the food. Currently the caterer is responsible for the food as well as how the food is displayed. The following illustrates a recent buffet at the MCC and an example of how the set up can make a difference in the overall appearance and quality of a food function.



This is a recent event at the Mayo Civic Center



A creative approach to displaying food for an event

There is an opportunity to continue providing flexibility to choose from a list of caterers when applicable. This needs to be done in conjunction with a program that ensures the quality and effectively serves the client’s needs. This recommended approach would give social event clients the ability to choose from a pre-determined list of caterers, while ensuring a high level of quality for all functions at MCC.

In a review of the Food and Beverage and Catering area, *SAG would recommend continued evaluation of having an “exclusive in house” caterer in the future for all MCC functions.* The advantages of this include:

1. Potential increase in revenue to MCC
2. Increased control over the quality and pricing to the user
3. Ability to oversee the use and maintenance of the facility
4. Flexibility to meet all of the client’s needs

Event Services

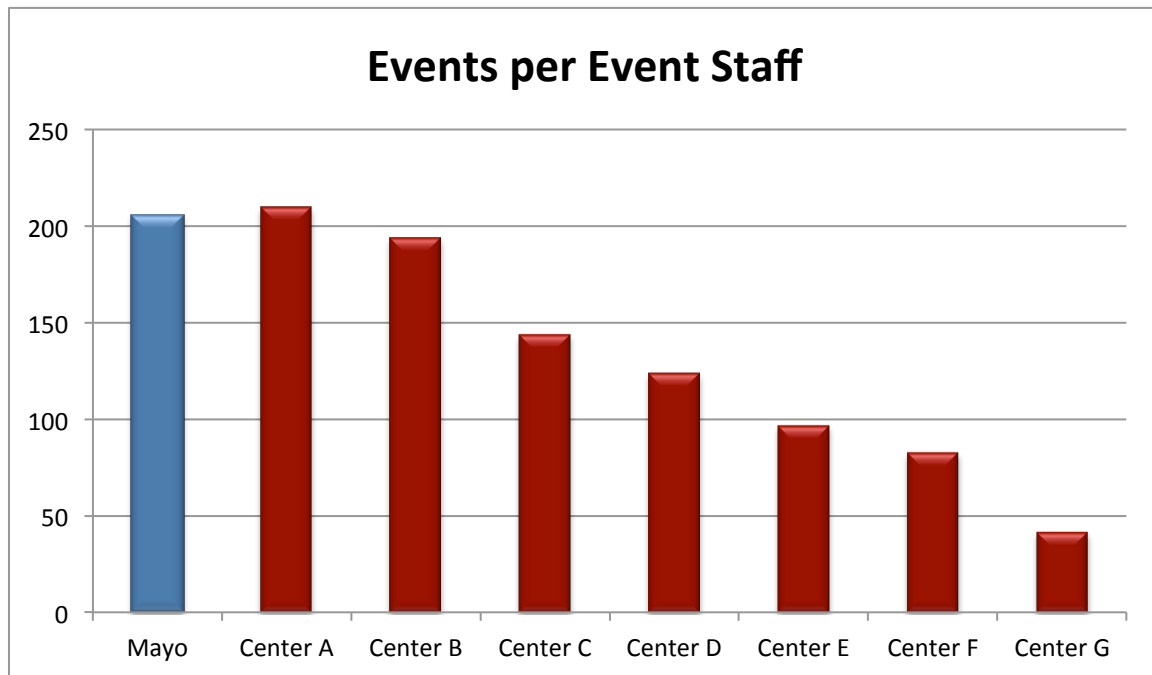
SAG met with the MCC staff to understand current practices and procedures. The Event Services function is an important foundation in the overall success of an event at MCC. The ability to coordinate the details of an event well in advance with an event planner will ensure that the event is successful and the maximum amount of services is provided by MCC, which can have a direct impact on revenue generation and overall client satisfaction.

Currently, Event Services is staffed by one full-time director and two additional staff members who split their duties between Sales and Event Services.

Director of Event Services 1 FTE	Director of Sales .5 FTE	Event Sales Associate .5 FTE
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The Event Services function is essentially staffed by the equivalent of just over two full-time staff members. The MCC accommodated 413 events in 2011. As mentioned in the benchmarking section, SAG compared the ratio of event services staff to the total number of events. The following graph compares the total number of events with the staffing in event services. It is clear that the MCC has a high ratio of events to staff in Event Services. SAG discussed the opportunities to work with clients at

least one year in advance of an event when possible. The MCC staff agreed with the direction but expressed the challenge in accomplishing this with the current staffing levels.

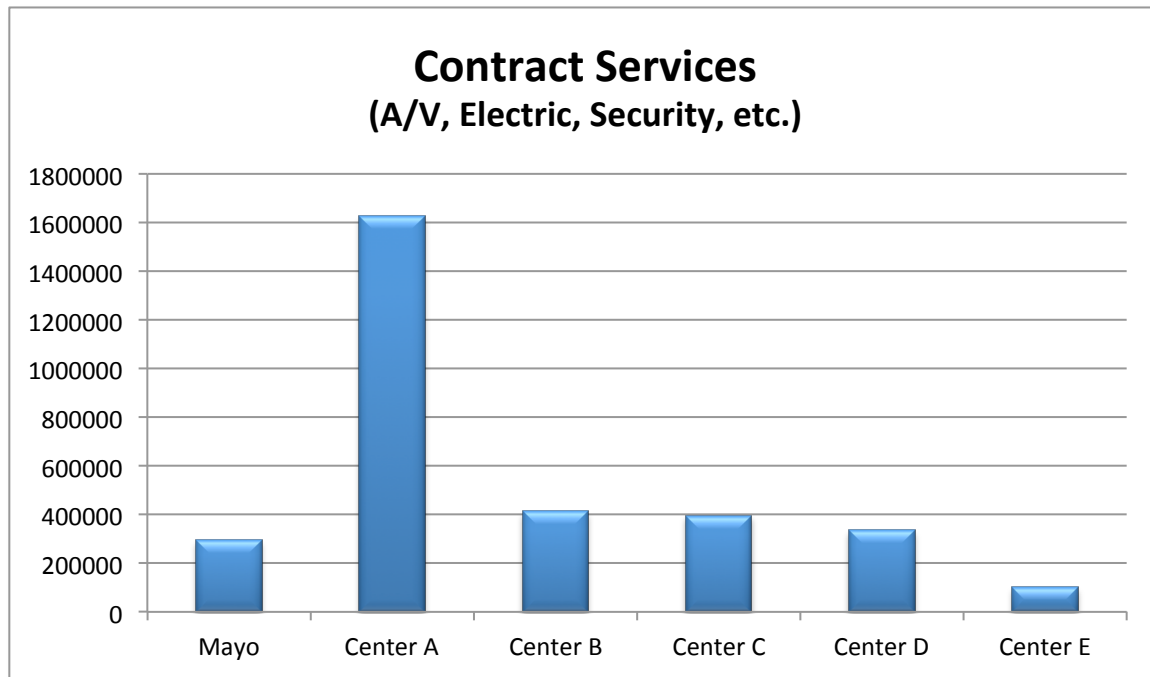


SAG recommends an increase in staffing in Event Services to three dedicated Event Services personnel including the Director position.

Event Service Checklist – An Industry Standard

SAG met with staff members in Event Services. In reviewing the current Event Services function, it was determined that there are no pre-planning checklists for any event types. The staff expressed interest in creating these in the future. The advantage of having checklists for every type of event is that they become a standard part of a client file. This ensures that all aspects of having a successful event have been reviewed with the client. In many cases, a comprehensive checklist will prompt the Event Services team to inquire about services that may enhance the client's experience.

The other value of pre-planning checklists is the opportunity to sell services such as audio-visual or enhanced concessions, which create incremental revenue for the MCC. This chart demonstrates how the MCC ranked in gross revenue for contract services. There appears to be potential for increasing contract service revenue.



The following is a sample checklist with timelines that would be used in planning a citywide convention or meeting.

12 MONTHS PRIOR

- ☒ License Agreement is issued by MCC/RCVB salesperson
- ☒ Schedule a site visit with client to review and finalize required space
- ☒ Receive signed License Agreement with the initial deposit by due date
- ☒ An Event Coordinator/Manager is assigned to event
- ☒ An Event Coordinator/Manager will obtain name of General Service Contractor and suggest other in house and exclusive service providers
- ☒ Event Coordinator/Manager will ask for a working copy of the floor plans – event coordinator to input floor plans on CAD drawings

6-10 MONTHS PRIOR

- ☒ Begin to coordinate audio-visual, Internet, and telecom needs
- ☒ Obtain menus and begin to coordinate F&B needs
- ☒ Review first draft of floor plan with client for any changes
- ☒ Send MCC's service order forms for exhibitor kits
- ☒ Schedule a site tour with client
- ☒ Contact state, county or city entities regarding required permits and licenses

2 MONTHS PRIOR

- ☒ Send revised copies of floor plans to client
- ☒ Review first draft of event specifications and program agenda
- ☒ Coordinate food & beverage requirements
- ☒ Coordinate necessary insurance

1 MONTH PRIOR

- ☒ General liability insurance is due
- ☒ All rental fees paid in full
- ☒ Obtain electrical requirements for show office and registration
- ☒ Order Internet and telecommunication needs
- ☒ Final event specifications and program agenda due
- ☒ Final/approved version of floor plans due
- ☒ Exhibitors list due
- ☒ Create estimate of expenses for client
- ☒ Schedule final planning meeting
- ☒ F&B contract, initial guarantees and deposit due

2-3 WEEKS PRIOR

- ☑ Finalize audio visual, Internet, and telecom needs
- ☑ Receive signed estimate of event expenses
- ☑ Finalize all event staffing scheduling
- ☑ Schedule a pre-con meeting with the MCC staff and vendors
- ☑ Confirm catering guarantees – final guarantees due 72 hours prior to event

ON SITE

- ☑ Conduct pre & post event inspection of authorized areas
- ☑ Hold pre-con or production meetings with key vendors and suppliers
- ☑ Hold daily coordination meetings with clients to address program updates

SAG recommends that checklists be implemented for all of the major event types that are held at the MCC and recommends an increase in the Event Services staffing to allow for effective event coordination. SAG also recommends increasing the staffing in the Event Services areas. This is discussed later in the report.

Ticketing

A review of the current agreement with Ticketmaster, the exclusive ticketing service for the MCC was completed and the staff member who oversees the ticketing operations was interviewed. In addition to the benchmarking information received, SAG spoke to both concert promoters and the arts community to gain insight on the current ticketing operation at the MCC.

Ticketmaster is widely used by venues throughout the nation. All of the regional centers that were surveyed with ticketing programs use Ticketmaster as their ticketing software. Ticketmaster has an “exclusive” agreement to sell tickets for public events at the MCC. However, there are ticketed events at MCC that do not currently use Ticketmaster. These include local high school sporting events and local trade shows. These shows utilize an in-house point of sale system for the processing and payment of tickets. *It is recommended continuing with this option to provide flexibility for these types of events.*

SAG received information on the amount of charges that are added to a tickets currently sold through Ticketmaster. The following is an example of the fees associated with a \$25 ticket sold through Ticketmaster:

Ticket price:	\$25.00
Facility Fee:	\$1.00
Handling Fee:	\$4.56
Service Charge:	\$7.25
Total Charged to Customer:	\$37.81

51% of original ticket price

SAG discussed perceptions of Ticketmaster with existing users. The concert promoters were very satisfied with Ticketmaster and utilized their service often throughout the country. The arts community voiced the most concern with regards to the value of the in-house service. They expressed concern over whether Ticketmaster is an effective ticketing solution for their needs.

SAG met with Ticketmaster and discussed the current options to support the arts and other types of performances. Ticketmaster expressed interest in meeting with the arts organizations to review opportunities to support their performances. The MCC staff participated in these meetings and agreed with the concept of setting up a meeting for this review.

SAG recommends continuing the exclusive use of Ticketmaster for all concerts and commercial shows and recommends that arts organizations be given the option to utilize Ticketmaster or their own ticketing systems. A meeting should be set up to review the options that Ticketmaster can provide to support the arts. Further, it is recommended annual meetings with the arts organizations, MCC staff, and Ticketmaster occur to review all of the ticketing and marketing options available.

Sales and Marketing

Prioritization of Events and Booking Policy

SAG determined after the initial meetings with stakeholders and internal staff that there was a need to create a booking policy for the MCC. The value of having a booking policy that is reflective of the overall goals for the MCC is to create clarity for potential users, MCC management and the Rochester community.

SAG conducted a Prioritization Session in October 2012 and would like to thank the following participants:

- *Ron Bastian, Director Parks & Recreation*
- *Ben Boldt, Rochester Amateur Sports Commission (he left at Noon)*
- *Nora Dooley, Rochester Board of Park Commissioners*
- *Donna Drews, Mayo Civic Center*
- *Jon Eckhoff, Rochester Downtown Alliance*
- *John Eischen, Rochester Area Builders Association*
- *Judy Hickey, Children's Dance Theatre*
- *Brad Jones, Rochester Convention & Visitors Bureau*
- *Stevan Kvenvold, City Administrator*
- *Bob LaCasse, Intercontinental Hotels/Kahler Grand*
- *Dan Nelson, Hampton Inn*
- *Gary Neumann, Assistant City Administrator*
- *Steve Schmidt, Rochester Civic Music*
- *Sheila Sullivan, Children's Dance Theatre*
- *Rod Toomey, Rochester Board of Park Commissioners President*
- *Karen Trewin, Mayo Clinic Destination Medical Community*

In preparation for the session, eleven event categories were identified for review. These were as follows:

1. Citywide Conventions
2. Sporting Events
3. Mayo Clinic Related Events
4. Meetings with Room Nights (non-citywide)
5. Consumer Shows
6. Arts Programming
7. Local Sporting Events
8. Entertainment (for profit entertainment)
9. Social Events
10. Local & Area Events
11. Grandfathered Events

The session was designed to gain consensus on the priorities and booking practices for these event types. The group discussed and came to consensus in the areas of how each event type generated economic impact, room nights, and MCC revenue. The following chart depicts key characteristics that were agreed upon in the session.

Event Type	Definition	Typical Booking Window	MCC Revenue	Economic Impact	Notes
Citywide Conventions	Multiple hotels impacted due to higher need for rooms during peak night, guideline of more than 2,000 attendees and 500 rooms on peak	Typically not less than 18 months out	Low to Medium	High	Highly sought after business, competition with other cities can reduce revenue
Sporting Events	Typically State or National events 500 or more room nights on peak, multiple hotels, 2000 participants	1-2 years	Low	High	500 or more room nights on peak, 2000 or more participants and attendees
Mayo Clinic Related Events	Any event that is affiliated with the Mayo Clinic	Varies	Medium to High	Varies	Typically two different types of Mayo events: employee-related and national/international meetings
Meetings with Room Nights (non-citywide)	Less than 500 rooms on peak night and more than 50	18 months or less	Medium	Medium	Typically shorter term meetings
Consumer Shows	Product based, for profit shows	Multiple years – prefer same dates	Medium to High	Direct Impact: Medium to Low; Long-term impact: Indirect - high	Regionally or locally produced, uses a lot of space, large foot traffic, requires set-up or break
Arts Programming	Local arts based programming, Non-profit Rochester organizations delivering unique programs to enhance community	1 - 2 years, also 0 - 1 years	Medium to Low	Medium to Low	RSOC, Civic music events, attracts local residents and community impact is high (visibility)
Local Sporting Events	Examples: Section playoffs, area school competitions, clubs, leagues	Multiple year commitment needed if annual	Low to Medium	Low to Medium	Low number of room nights, MCC currently used for volleyball, basketball, and wrestling
Entertainment	National touring entertainment, typically for profit, concerts or shows	0 - 1 years	High	Medium	Need to evaluate competitiveness with local presenters and producers when booking
Social Events	Local organization annual events, weddings	1 year	Medium to High	Low	Competition is local catering facilities
Local & Area Events	Locally produced events i.e. craft shows, local fundraising events	0-1 years, prefer same dates if annual	Low	Low	Sometimes interested in subsidy or sponsorship
Grandfathered Events	Events that will be given highest priority for multiple years on preferred dates. Additional considerations beyond economic impact and MCC revenue factored into designation.	Multiple years with “first right” on preferred dates	N/A	N/A	Tied to tradition, assumed high priority, sample characteristics of a Grandfathered event: (intangibles) political, high community profile, high regional impact MSHL, Festival of Trees, Builders Show are potential examples Suggestion made to institute a five year review plan.

SAG facilitated discussion and input and each event type was reviewed and rated in terms of economic impact (including room night generation) and center revenue. Overall community impact was also discussed in conjunction with determining event priorities.

The following draft booking policy represents the outcome of the Prioritization Session and is recommended for approval and implementation.

Proposed Booking Policy for Mayo Civic Center

First Priority Groups for MCC Scheduling

1. Citywide Conventions
 - a. Minimum 500 rooms on the peak night
 - b. Utilization of multiple hotels
 - c. Approximately 2,000 attendees
2. Sporting Events (Citywide Impact)
 - a. Minimum 500 rooms on the peak night
 - b. Utilization of multiple hotels
 - c. Approximately 2,000 participants and attendees
3. Mayo Clinic Related Events
 - a. All types of events associated with the Mayo Clinic

All highest or first priority groups may be confirmed and contracted 18 months prior to the event. These are the only event types that may be confirmed in this timeframe.

Second Priority Groups for MCC Scheduling

1. Convention Meetings with room nights below citywide level
 - a. Minimum 50 to 100 room nights on the peak night
2. Consumer shows
 - a. Assumes a commercial rental rate charged at MCC
3. Arts Programming
 - a. Designed to support planning for upcoming seasons

All medium or second priority groups may be confirmed and contracted within 18 months prior to the event.

Third Priority Groups for MCC Scheduling

1. Local Sporting Events
2. Entertainment – Concerts
3. Social Events
4. Local and Area Events

All low or third priority events may be confirmed within 12 months prior to the event. When possible a “13-month” timeframe will be allowed for annual events.

Grandfathered Events

A grandfathered event is defined as an event that does not qualify as a “highest priority” event, but has been designated as having a long term, immovable or “first right” position on the MCC calendar. All grandfathered events should be reviewed every five years.

Examples of current grandfathered Events:

1. Minnesota State High School League Section One Tournaments
2. Festival of Trees
3. Builders Show
4. Eagles Cancer Telethon

SAG recommends a further review of the current events that have “grandfathered” status. The goal is to thoroughly evaluate these designations to allow for maximum flexibility in achieving the overall priorities.

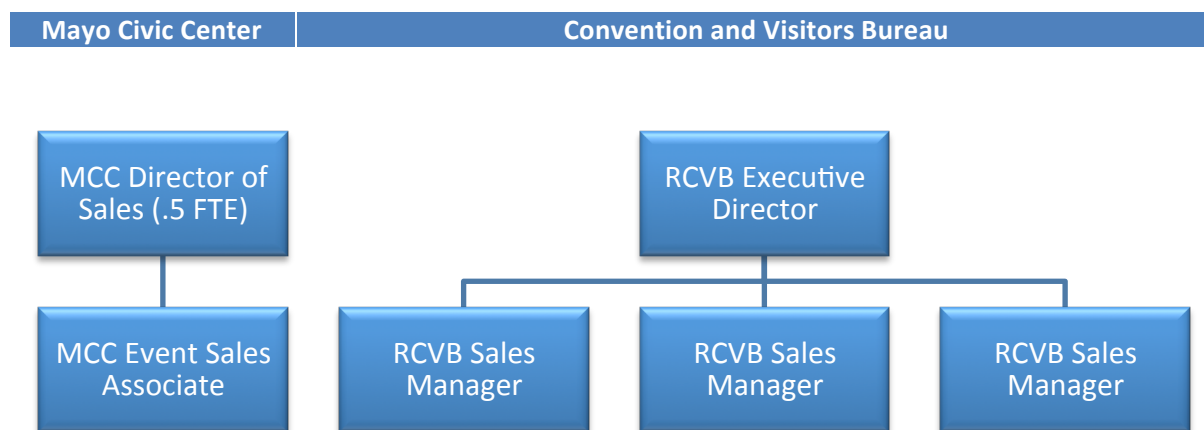
SAG recommends the implementation of the booking policy. This is an important strategic step that will create clarity in overall direction. The increased focus on the events that are designated as “highest priority” will inform all aspects of the MCC operation.

Sales and Marketing Structure

SAG met with sales staff members from the RCVB and MCC, reviewed the current CVB marketing plan and discussed the sales activities with the MCC staff. SAG conducted two sessions with the RCVB sales managers to understand current practices. Currently, the majority of the marketing dollars related to meetings and conventions at MCC are housed in the RCVB budget.

The following graphic indicates the current sales structures of the two organizations:

Current Sales Structure

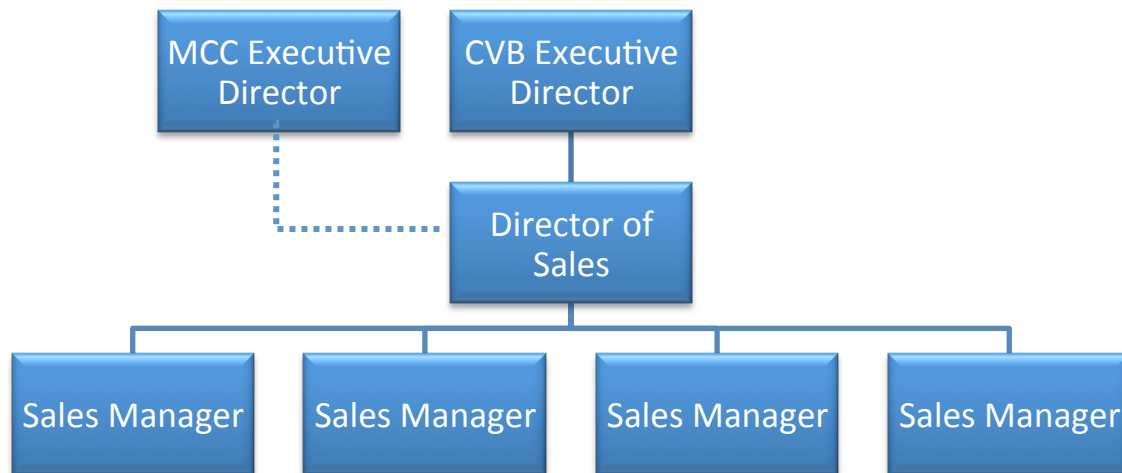


In discussions with the respective sales staffs, there were clear differences in the perception of current goals, and the sales staffs of the MCC and RCVB focused on different priorities. The MCC staff was focused on MCC revenue and expenses, while the RCVB staff was incentivized based on room nights and economic impact. The current model presents a lack of coordination and common goals.

SAG has worked with many destinations in evaluating effective Convention Center/CVB group sales structures. The industry has been studying this question for many years. Recently, a white paper was written by the leading associations for Convention Centers and Destination Marketing Organizations and emphasizes the importance of joint functionality in an effective approach to group sales.

SAG recommends creating a unified singular sales team focused on maximizing both economic impact and MCC revenue.

SAG Proposed Structure



The following are the key components of the recommended fully functional sales operation. *SAG recommends the implementation of these key principles for an effective sales and marketing effort for Rochester.*

Singular Marketing Plan

For the sales and marketing operation of the future to function effectively, the entire team must create and execute a joint marketing plan. This plan would include the following areas:

1. Industry Trends – Economic Indicators
2. Research Results – Ongoing Activity
3. List of Joint Sales Activities
 - a. Tradeshows
 - b. Sales Mission
 - c. Familiarization Trips
4. Joint Advertising Plan
5. Targeted Market Segments, including Non-Room Night Generating Events
6. Public Relations Strategies
7. Stakeholder Communication Plan
 - a. Joint Reporting
 - b. Audience

8. Online Strategy – Singular Web Presence
9. Joint Key Performance Indicators (Goals)
10. Holistic Group Sales and Marketing Budget

The development of a joint group sales and marketing plan creates an annual roadmap for maximizing the collective group sales and marketing resources. This marketing plan would be developed by the entire group sales and marketing team and would be presented jointly to the industry stakeholders and governing bodies.

Market Prioritization

The current staff members that are involved with group sales and marketing should participate in an annual market prioritization process. The purpose is to continue to validate and refine the target markets for Rochester. SAG has reviewed the history that is available for the group activity by market.

After the internal teams have completed their reviews, the findings would be presented to the key stakeholders for confirmation and support. This will directly influence the deployment model.

Deployment Plan

The process for creating a comprehensive deployment plan would be to first identify the highest priority group markets. *SAG recommends that further research be conducted with meeting planners to refine the current priorities.* Based on the current deployment, the following markets would be evaluated in the process:

1. Medical (Mayo related)
2. State Association
3. National Association
4. Sports
5. Other SMERF (Social, Military, Educational, Religious, Fraternal and Special Markets)
6. Corporate

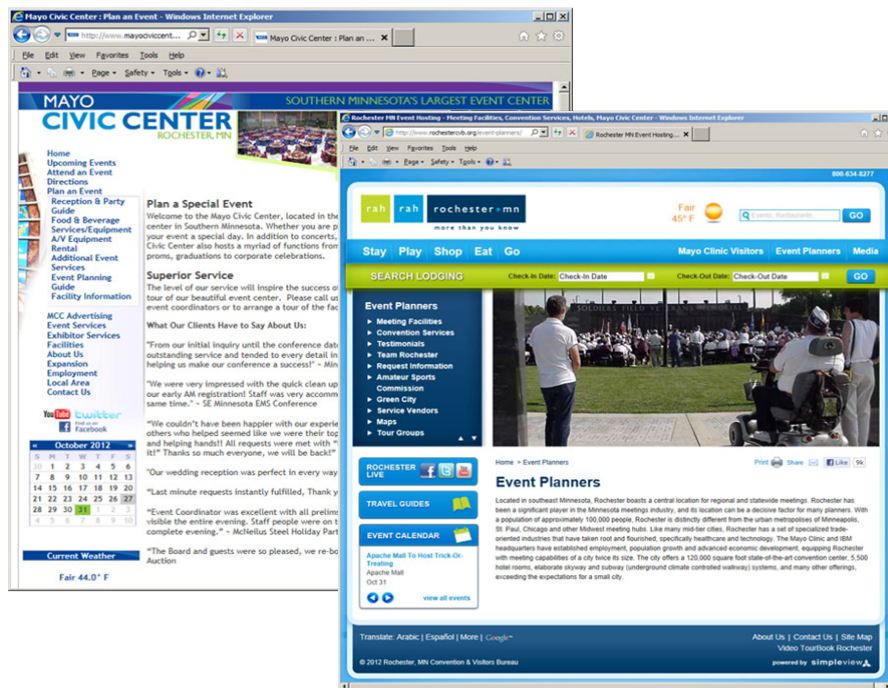
The goal for the deployment process would be to maximize the effectiveness of the four Group Sales Managers and the Director of Sales. Sales Managers would be assigned specific markets and geographical focus.

Maximization of Marketing Channels

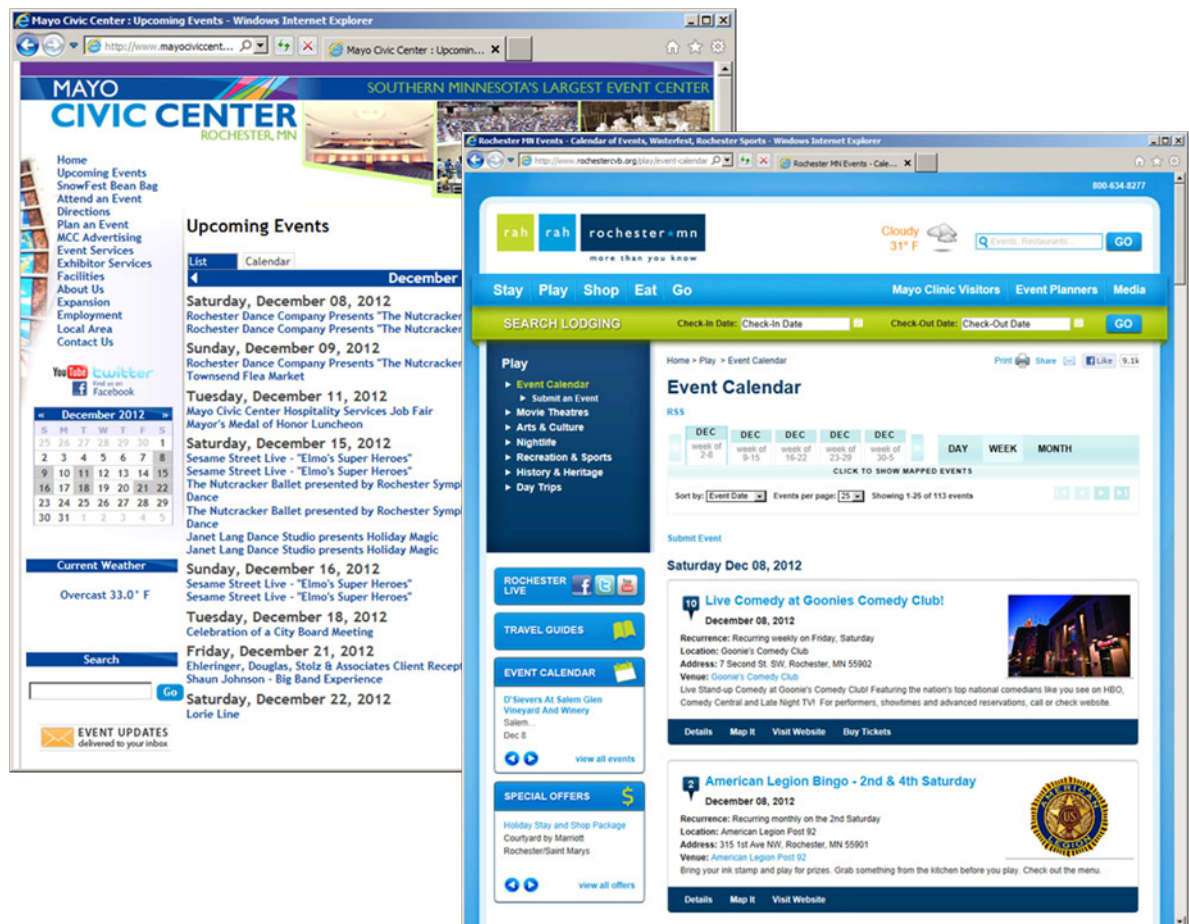
The key marketing channels for increasing awareness of Rochester as a meetings destination should be coordinated to maximize penetration of the meetings market. The collective team should review the current plan and resources in the following areas and determine the most effective strategies in each.

1. Public Relations

- a. A singular approach to Public Relations will ensure that this important marketing vehicle is focused on areas that support the most important markets. The determination of which vehicles will create the highest return is another feature of a collaborative approach to PR.
2. Advertising
 - a. The current combined budget for the RCVB and MCC for advertising in the group market is very small. Future combined funds should be utilized to increase awareness in those markets with the highest return. This process includes creating a consistent image when marketing to meeting planners and group decision makers. The advertising plan would include all advertising for the Mayo Civic Center including entertainment and other local activities.
3. One-to-One Marketing – Singular Database (CRM)
 - a. The approach to one-to-one (database) marketing should be planned collaboratively. This gives the entire team the opportunity to plan key messages and promotions to customers who are currently in the collective group sales database.
 - b. To create an effective direct marketing campaign, the ability to have a common database of clients is important.
4. Online Marketing – Singular Meetings Portal and Website



- a. In online marketing, there is the opportunity to create a singular website for the meeting planner and event attendee. *SAG recommends that the two websites utilize the same content and that meeting planners and event attendees are directed to one website.* The value of this approach is to create the most effective content for all online activities. This also creates the opportunity to direct meeting planners to one online RFP location.
5. Single Event Calendar
 - a. The unification of online content would also create a singular event database.
 - b. A singular database will be a more robust tool for meeting planners and attendees.



Holistic Goal Setting

One cornerstone of a successful sales and marketing operation is the goal setting process. *SAG recommends that the goals are created jointly.* This creates the opportunity to set the overall goals for the group market and determine collectively which markets present opportunities for growth.

The goal setting process is also an important opportunity in group sales. *SAG recommends an approach that begins with the individual Sales Managers, includes key industry stakeholders and gains final*

approval from the governing bodies. The following are the recommended steps in the goal setting process.

Market Analysis – Review Research

1. Analyze data from available research – determine trends that will affect MCC.

Production History

1. Review past production history for all citywide group markets.

Internal Review

1. Revisit geographic territories by Sales Managers.
2. Review assignments based on vertical markets, i.e. Religious, State Associations, etc.
3. Confirm measurement standards, i.e. room nights, MCC revenue, and economic impact.
4. Determine targeted booking conversion percentages.

Sales Manager Involvement – Initial Goal Setting

1. Individual marketing plans are created by Sales Managers for their vertical markets including proposed new initiatives.
2. Sales Managers create their annual targets utilizing all of the information gathered above.
3. Sales Managers to present goals, including MCC revenue, with recommended supporting marketing activities.

First Review – MCC Staff and RCVB Directors of Sales

1. Review the individual marketing plans by Sales Managers and their expectations of projected production activities for future years for citywide groups.
2. Review history of production in individual markets.
3. Works toward consensus if adjustments to goals are needed.
4. Present individual and team room night and MCC revenue goals.

Second Review – MCC General Manager and Rochester CVB CEO

1. Review individual goals and methodology.
2. Review overall team goals for room nights and MCC revenue – evaluate year over year growth.
3. Develop consensus for recommendations to governing bodies.

Third Review – Stakeholder Committee

1. Presentation from group sales leadership.
2. Review individual markets and overall team goals.
3. Review production history.
4. Confirm alignment with industry stakeholders.
5. Committee recommends adjustments and supports overall direction.

Final Review and Approval – Governing Bodies

1. Presentation to MCC Board of Directors and RCVB Board of Directors.
2. Review of methodology and process.
3. Final approvals for goals from both governing bodies.

Presentation to City Council

1. Governing Bodies present approved goals to City Council (including MCC financial performance goals).
2. Gain formal approval.

Sales Team Confirmation

1. After approval, communicate back to the sales team.

Flow Chart – Goal Setting Process



Incentive Plan

The institution of a Sales Incentive Plan creates an environment that rewards performance. *SAG recommends that a common Incentive Plan be implemented for all Group Sales Managers.* The plan would reward Sales Managers who achieved 100% of the goals or greater.

This plan creates an environment that focuses on high performance and rewards production. Combined with a competitive base salary, an Incentive Plan will reward and attract high performing sales leaders.

An Incentive Plan is designed to provide:

- Flexibility year to year as to the number and nature of each criteria
- Flexibility year to year as to the % weight assigned to each criteria

It is believed that it will be necessary to adjust the criteria and weight of each by sales manager in order to tailor their incentive to their areas of responsibility and the current market conditions and emphasis. The template provides the ability to do this while still using the same format for simplicity of administration.

Although the criteria of the Incentive Plan can vary by year and sales region, *SAG recommends that the overall focus of the plan is criteria based on booked room nights, economic impact and MCC revenue.* There may be other criteria used based on the circumstance such as booked room nights in need years vs. non-need years, team goals, etc.

The percentage of base salary that can be achieved in the proposed Incentive Plan is set at 40%. This higher level of “upside” is designed to reward performance that is above and beyond. To achieve a 40% incentive payout, a Sales Manager must achieve 120% of the agreed upon goal. The incentive payout for achieving 100% of an annual goal is 10%. Prorated incentive payouts occur between 100% goal achievement and the goal maximum of 120%. See example below:

Incentive Payout Schedule	
Percentage Goal Achievement	Percentage Incentive Compensation
100 %	10%
105%	17.5%
110%	25%
115%	32.5%
120%	40%

The sales results will be audited prior to the incentive payouts through an independent auditor.

Sales Performance Plan

The implementation of a sales performance plan for all group Sales Managers is a fundamental principle of a highly effective group sales operation. This will also give the Rochester stakeholders a clear understanding of how performance will be monitored. The implementation of a jointly supported plan will create consistency in how Sales Managers are supported in achieving their goals.

The following is an overview of a recommended approach:

- Sales performance program goals are determined on a calendar year basis.

The sales performance plan utilizes a nine month performance monitoring period. The nine month period is on-going or a rolling period of time using three (3) month periods or quarters. Minimum Sales Performance Goal components are:

- Minimum 85% conversion of targeted room nights in a rolling nine month period.
- Minimum 85% achievement of MCC revenue goals. (Revenue is defined as F&B, facilities usage, ancillary services, etc.)

Minimum Performance Illustration

		<i>Room Nights Booked</i>	<i>Center Revenue Confirmed</i>
<i>Quarter 1</i>	<i>3 months</i>	<i>85%*</i>	<i>85%</i>
<i>Quarter 2</i>	<i>3 months</i>	<i>85%*</i>	<i>85%</i>
<i>Quarter 3</i>	<i>3 months</i>	<i>85%</i>	<i>85%</i>
<i>Cumulative Performance</i>	<i>9 months</i>	<i>85%</i>	

*below 70% achievement of goal in a six month period will also result in not achieving minimum performance.

Each Director of Sales/Sales Manager is expected to satisfactorily meet their defined goals. Sales performance goals will be consistently monitored and discussed. The leadership of RCVB and MCC will monitor performance on a monthly basis. An individual performance report for each Director of Sales/Sales Manager will be generated monthly.

Performance Improvement plan (PIP)

The Performance Improvement Plan (PIP) is designed to identify performance issues and determine potential support that can be provided to improve results. The PIP is designed to assure consistent implementation of sales performance practice for all group Sales Managers. The Director of Sales in conjunction with the RCVB CEO and MCC Executive Director will administer the PIPs. The RCVB CEO and the MCC Executive Director are accountable for administering the plan as outlined. The HR department will keep all records of these activities as part of the Sales Manager's employee file.

A Sales Manager who is not satisfactorily meeting their defined minimum goals as described above will be placed on a Performance Improvement Plan. The PIP process is implemented when the individual has not satisfactorily met 70% of their goals within a 60 day period or is below 85% of their goal in a 90 day period (or for a rolling three quarters). Should the Director of Sales/Sales Manager continue not to meet their defined minimum goals after being placed on PIP, then further disciplinary action including, but not limited to verbal warning, written reprimands, suspension and/or termination may be imposed.

A comprehensive, uniformly administered, Sales Performance Plan is a cornerstone of an effective group sales and marketing effort for Rochester.

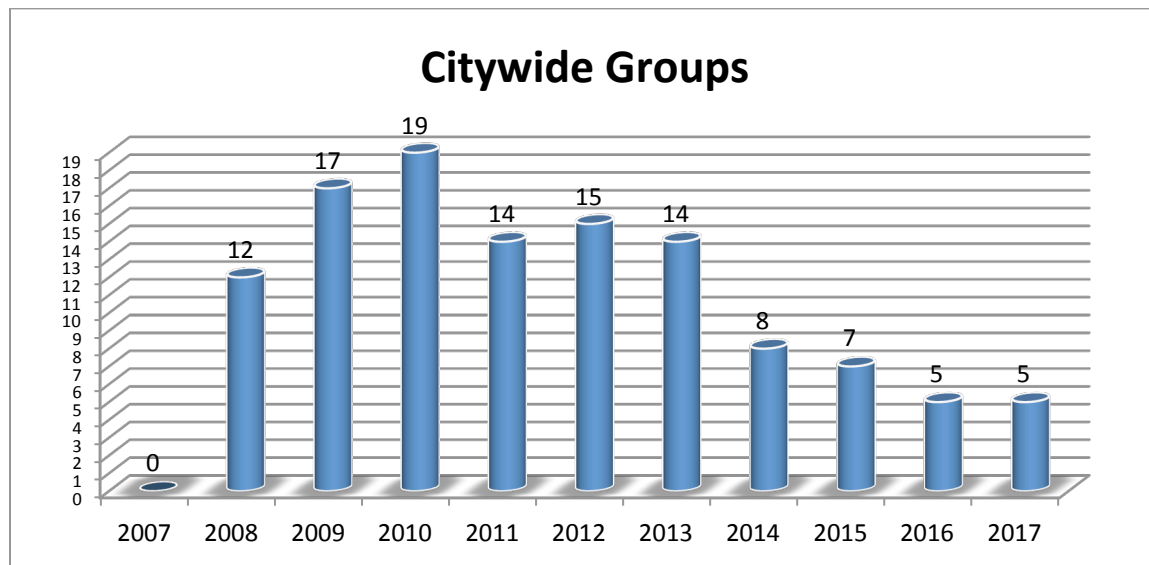
Past and Future Performance – Highest and Best Use

SAG reviewed the past booking performance of the MCC. SAG met with the MCC and RCVB staff to gain consensus on the highest and best use for the MCC. SAG also conducted a Prioritization Session to gain consensus from stakeholders. There was consensus that the highest and best use of the MCC was hosting “citywide” groups. This is aligned with the goal of creating the highest economic impact possible from the activity at the MCC.

In consultation with the staff at the MCC and the RCVB, a “citywide” group was defined as:

1. Utilizing multiple hotels.
2. A minimum of 500 rooms on the “peak” night (the largest need for hotel rooms on one night during the conference or convention).
3. A range of attendees from 2,000 or more.

The following is a chart with the number of citywide groups that have met or are currently booked in the future:



The Prioritization Session attendees determined that citywide groups have impact in most of the key measurement areas. There is an opportunity to increase the number of citywide groups with the recommended new approach to group sales and marketing.

SAG met with the RCVB sales staff and gained insight on the incremental room nights that could be generated with the proposed new structure and process. There was consensus that a new seamless structure could drive an incremental 15,000 to 20,000 room nights annually equating to six to eight citywide conventions.

Impact of Proposed Seamless Sales and Marketing Approach

The recommended new direction for sales and marketing establishes the greatest opportunity to increase the level of citywide business. The additional impact of an effective deployment model that maximizes the collective resources with a consistent Sales Performance Plan will increase the level of citywide activity in the future.

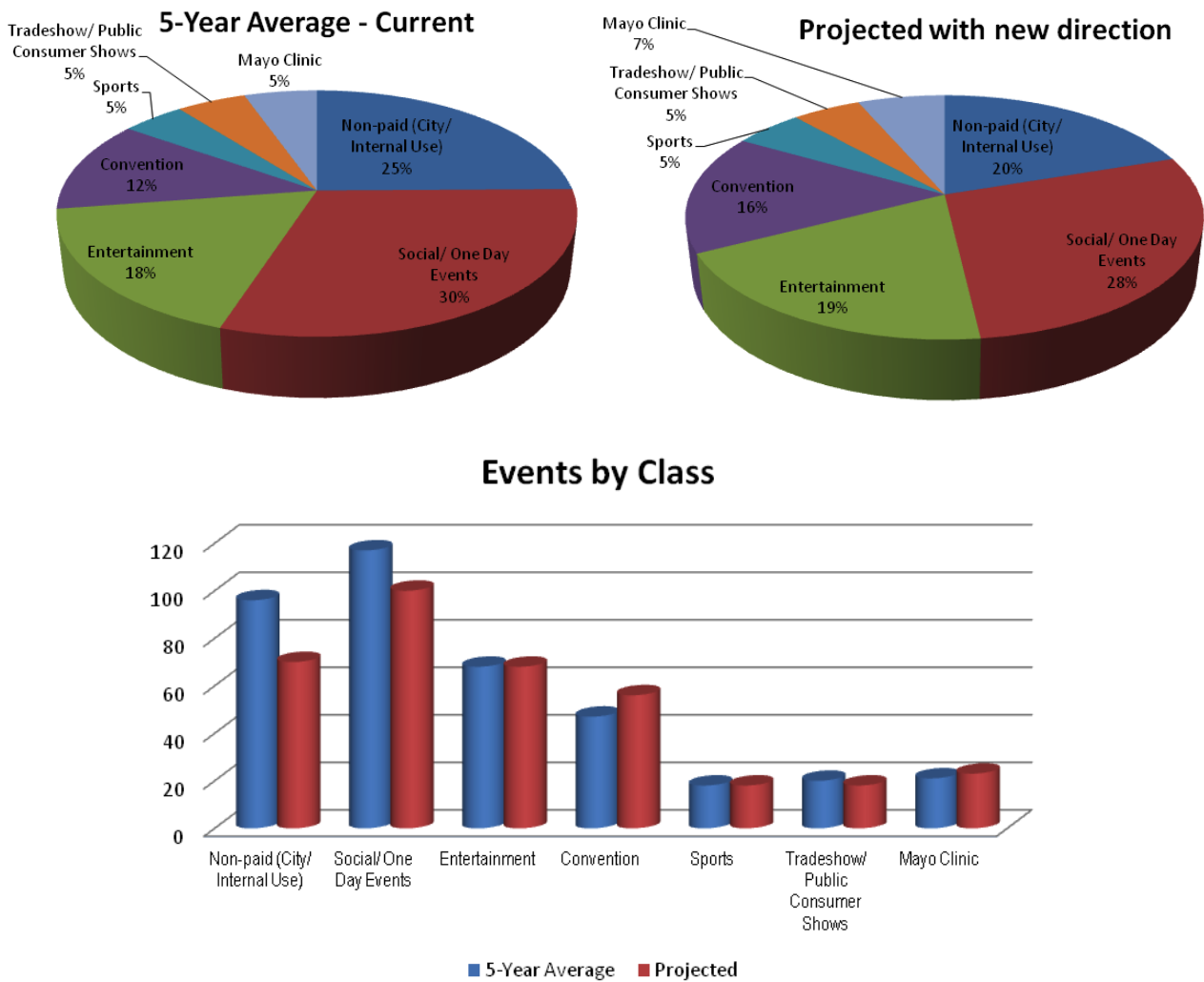
The long term goal of the new approach to group sales and marketing will be to have six to eight additional citywide groups per year at the MCC. The desired annual activity level should be able to be achieved within the next five years with a concentrated, collaborative effort.

If there are no changes to the current group sales and marketing, SAG believes the citywide activity will remain similar to the current levels or potentially decline due to increased competition. There is a great opportunity to increase results by maximizing the collective resources of RCVB and MCC.

SAG recommends the implementation of the proposed sales and marketing structure.

The Future Mix of Business

SAG discussed the potential changes in the mix of business that will occur with the implementation of the proposed new direction. The new priorities, supported by a new booking policy and increased functionality in group sales and marketing, will evolve the mix of business at the MCC. The following illustrates the current average mix of business at MCC for the past five years and a projected mix for the future.

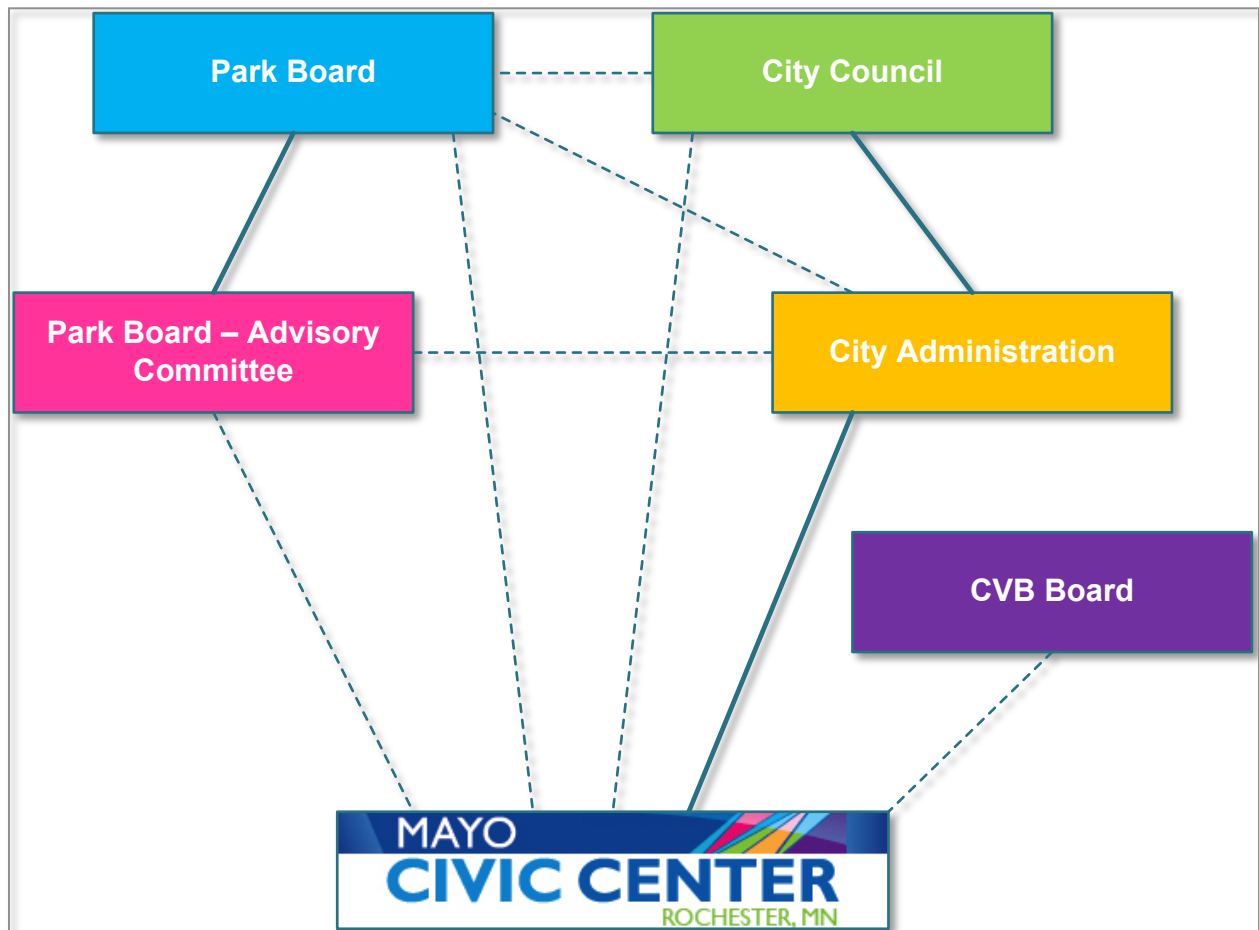


The following chart and graph show the future projected mix of business with the implementation of SAG recommendations. Please note the projected increases in Citywide Events as well as Mayo Clinic Events and a decrease in social events. The future business mix positions MCC as an economic generator while maintaining targeted local impact.

Governance and Management

Governance

SAG met with members of all of the governing entities in the above diagram. The illustration demonstrates the challenge of not having a clear, unified direction and oversight of the Mayo Civic Center. In discussions with many stakeholders, there was consensus on the need to review the current governance structure.



This chart depicts the current governance structure

One unique feature of Rochester is the respective responsibilities of the City Council and Park Board. Currently, the Park Board has oversight authority in all matters with the exception of the approval of the annual budget. The authority to approve the annual budget resides with the City Council.

Five of the respondents in the benchmarking survey indicated that the City Council or Mayor had direct oversight of the singular governing entity for their center. There were no respondents where the authority was shared between a Park Board and City Council.

The majority of the stakeholders and the MCC staff expressed concern with a variety of issues related to the current governance structure. The issues included:

1. Inadequate reporting
2. Unclear reporting relationships
3. Lack of mutual goals between MCC and RCVB
4. Inconsistency in overall policy direction
5. Lack of fundamental communications
 - a. No regular meetings between CVB and MCC staffs
 - b. No stakeholder communication plan
 - c. Lack of clarity on reporting requirements for current committees and governing bodies

A Singular Oversight Board

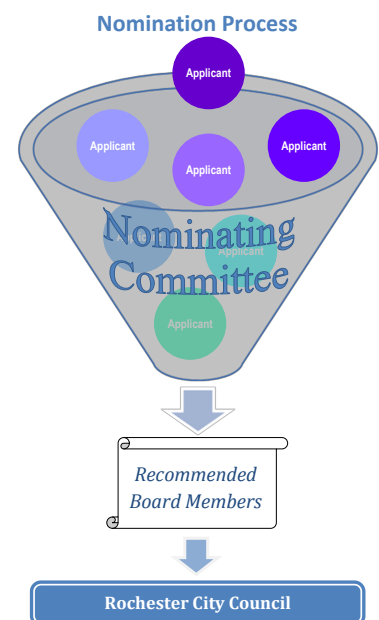
The governance models differed among the survey respondents. One common feature was a singular oversight board or committee in the publicly managed centers. This was also true for the center that has an “authority” model. A singular oversight board that is selected based on industry or professional experience will provide important support for the MCC Executive Director and staff.

SAG recommends the creation of a singular oversight body with full authority to give policy direction and oversee the success of the MCC Executive Director.

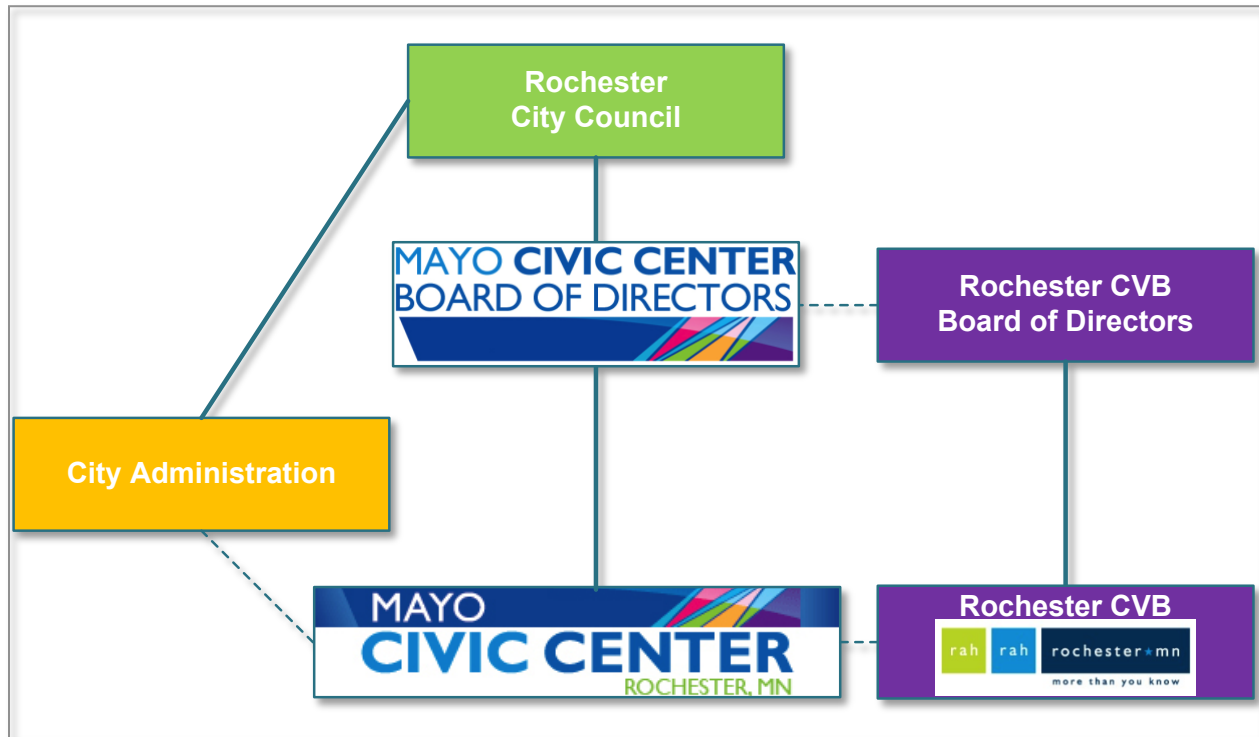
Government vs. Industry Appointed Board

The majority of the benchmarked facilities had a government appointed model in the selection of board members for the governing body. The makeup of a governing board is critical in its overall effectiveness in supporting a facility such as MCC. One of the respondents has a model where the board members were nominated by the stakeholders and formally appointed by the City Council. This approach brings expertise to the nominating process and keeps the elected officials very involved in the outcome.

SAG recommends the creation of a Mayo Civic Center Board that is strategically made up of members who have a broad base of expertise that will provide support for the Executive Director. SAG recommends the creation of a nominating process that generates recommendations of appointees for the City Council.



SAG Proposed Governance Model



Proposed Governance Structure

The proposed restructuring is designed to create an efficient governance model for the MCC and create an organized relationship with the RCVB built on joint goals and mutual accountability. The newly formed Board of Directors would be nominated through an inclusive process and formally appointed by the City Council.

In this model, the Rochester Convention and Visitors Bureau Board of Directors would have direct accountability for MCC results, including the achievement of agreed upon MCC revenue goals. The dotted line between the RCVB Board of Directors and the MCC Board of Directors signifies the joint goal setting and joint accountability between the governing bodies. The collective accountability between the private and public sector will also strengthen the overall support for MCC operations.

Management

SAG has reviewed management models throughout the country as well as the management models of the benchmarked facilities. In general, three models are most common:

1. Publicly Managed

- a. A publicly managed center is generally part of a department of a city and has public employees in most portions unless specially contracted. In most cases, the General Manager reports to the City Administration and there may be an appointed board or advisory committee.

2. Privately Managed

- a. A privately managed center is generally contracted to a firm that specializes in managing convention centers and similar publicly owned facilities. The management and staff of the center are typically employees of the convention center. Similar to publicly managed facilities, the management company is usually contracted directly by the public entity that owns the center. There are exceptions where the private company reports to a board or authority.

3. Authority Managed

- a. An authority-managed convention center is developed by creating a non-profit corporation that is contracted by the public entity owner. In most cases, the authorities have a board that is privately nominated and government approved. There are wide ranges of authority models. In some cases, the authority has oversight over the facility and the Convention and Visitors Bureau.

SAG received responses from seven regional centers regarding management structure. The following is a summary of the breakdown of the respondents:

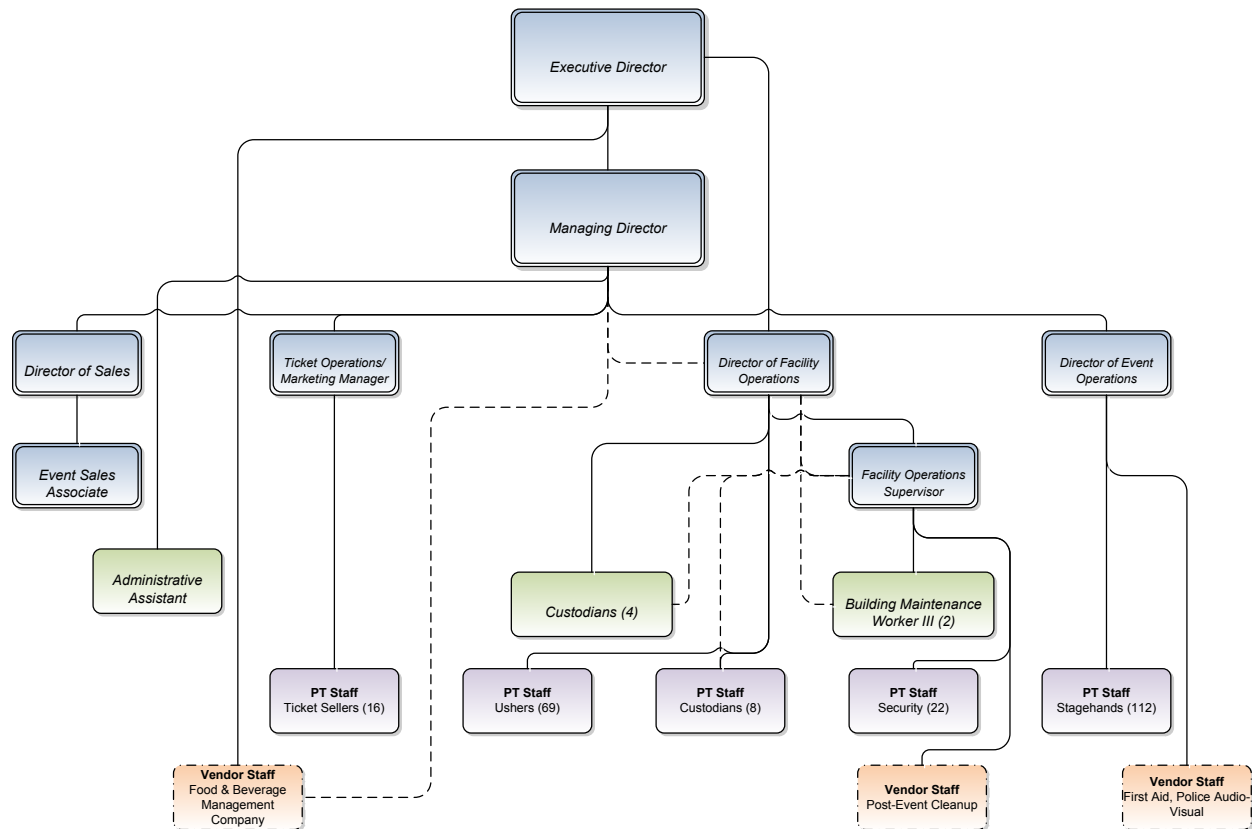
- Five centers are publicly managed
- One center is privately managed
- One center is part of an authority that includes the CVB

In conjunction with a new governance model and the proposed changes in sales and marketing structure, *SAG recommends MCC remain a publicly managed facility with the recommended restructuring of the governance and sales and marketing functions.*

MCC Staffing and Organization

Mayo Civic Center

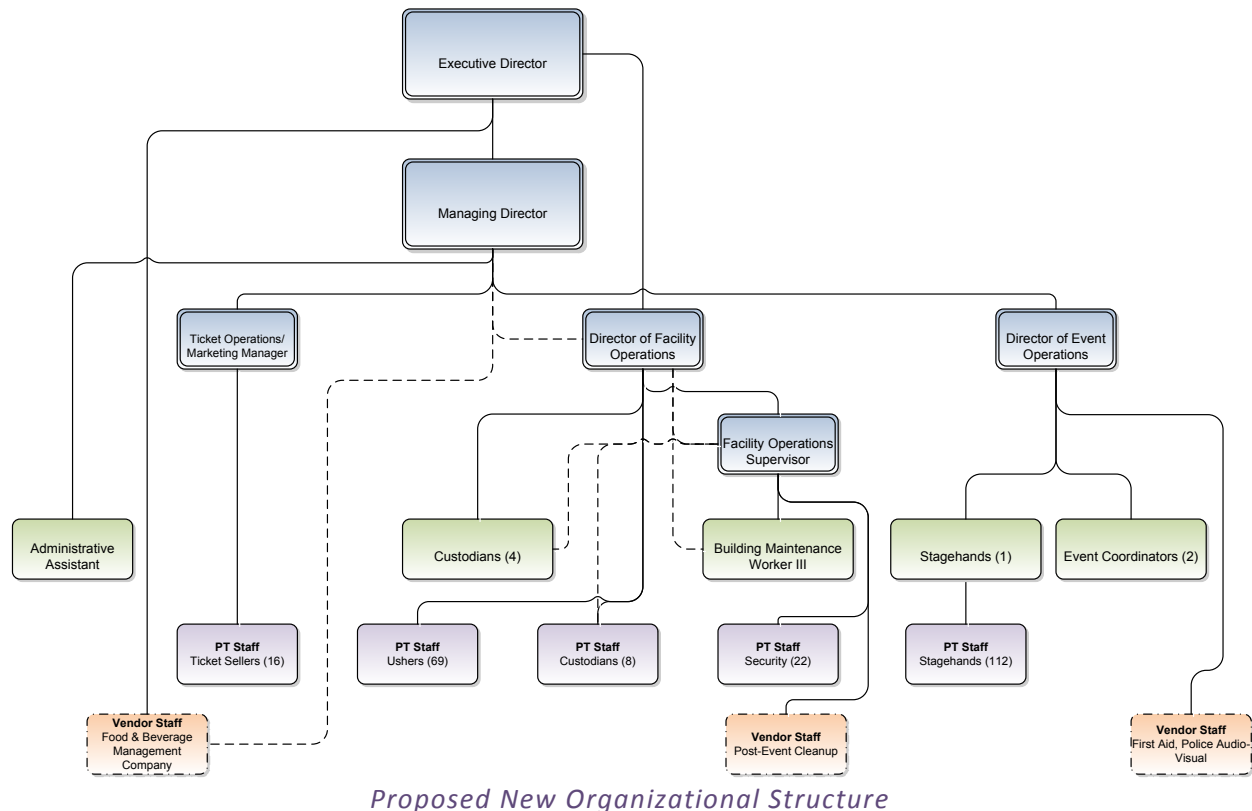
July 1, 2012



Current Organizational Chart

The above organizational chart represents the current operations at MCC. SAG discussed the reporting relationships between the Executive Director, Managing Director, and the management team. While there was an internal understanding of reporting, the organizational chart depicts a combination of reporting relationships.

Mayo Civic Center Proposed



SAG recommends the organization chart be modified to more accurately reflect reporting relationships and the MCC consider the addition of two event coordinators to the MCC staff. This will increase the resources to effectively plan for the success of the highest priority events in addition to others. As previously mentioned, the relocation of sales positions from the MCC organization is recommended. These positions will be added to the RCVB team and have joint accountability to the MCC and the overall results. SAG also recommends the addition of a full-time position, which will be able to provide technical support to users in conjunctions with the stagehands and the addition of two event managers.

The recommended changes to the MCC organizational chart create the support needed to provide the service levels that are required for the highest priority types of business as well as an improved coordination for all users.

The Mayo Clinic Partnership

SAG met with many different staff members of the Mayo Clinic. The staff members ranged from event planners to members of the Public Affairs Department. SAG also toured the Mayo Clinic to understand the quality level and commitment to the patient experience. The SAG would like to thank the following members of the Mayo team for their participation:

1. *Lisa Clarke*
2. *Pam Mickelson*
3. *Julie McAdams*
4. *Mike O'Brien*
5. *Sharon Preuss*
6. *Fran Dickson*
7. *Jacob Malwitz*
8. *Grettle Kruse*
9. *Sue Scree*
10. *Karen Trewin*
11. *Heidi Mestad*
12. *John Murphy*

The interviews with members of the staff uncovered some consistent themes and observations. The following are observations from the Mayo Clinic interviews:

1. **The Mayo Civic Center needs to be updated in overall appearance**
Many of the Mayo Clinic staff expressed concern for the inconsistency of the physical quality of the experience at the MCC. The concerns ranged from the front of the house finishes to acoustical challenges. One event producer explained that he has spent up to \$200,000 on the atmosphere of MCC to make it attractive for a Mayo Clinic event. There was general consensus that an improved physical experience would enhance the potential for more Mayo Clinic business. SAG toured the Mayo Clinic to understand the level of quality necessary to be compatible.
2. **The Mayo Civic Center staff has been responsive to their needs**
The Mayo Clinic staff made consistent and positive comments about the overall responsiveness of the MCC staff. In most cases, the interviewees have had good experiences.

3. The MCC staff does not have the infrastructure to deliver at a high quality service level

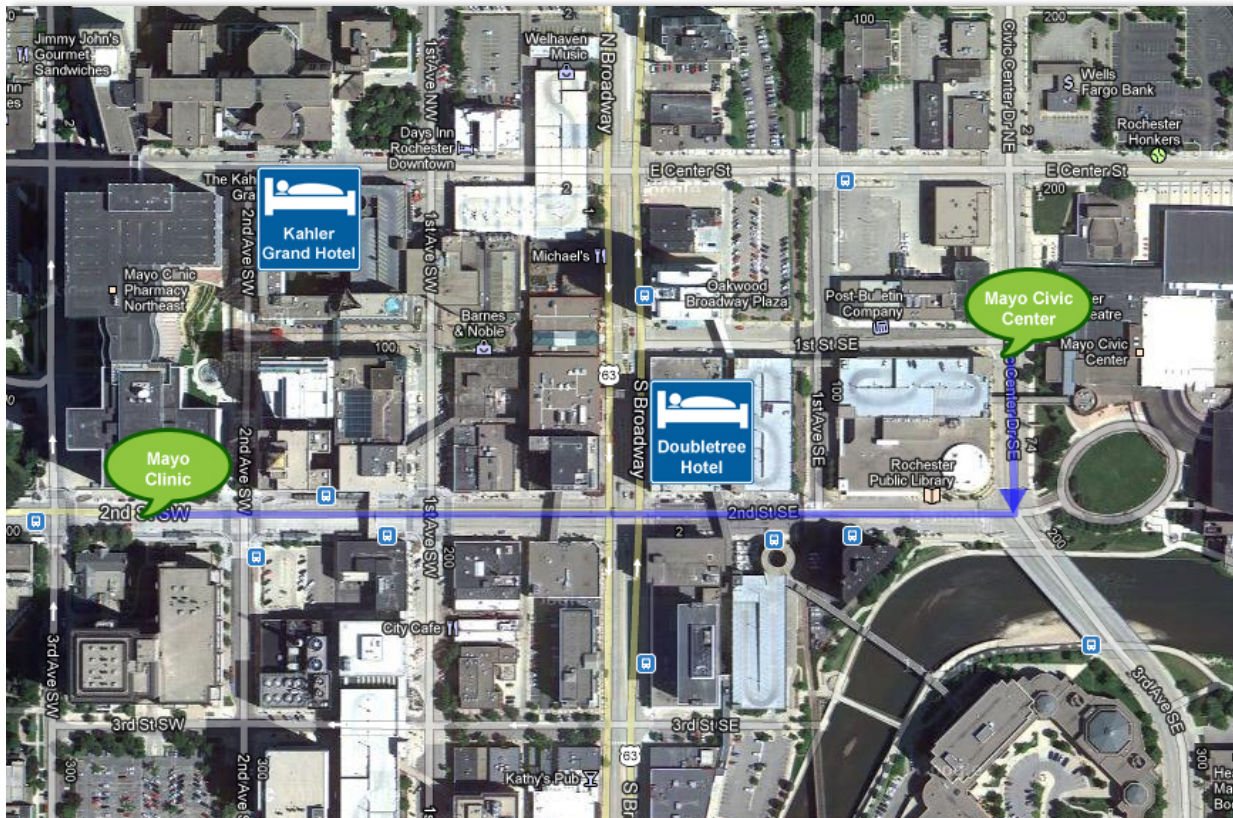
There was concern over the ability of the staff to deliver the service levels needed for a higher quality event. There was a wide variety of concerns including challenges gaining access to key staff members during events. A concern was also raised related to the advance coordinating process. There was interest in having the coordination process begin sooner.

4. There is interest in supporting additional conferences connected to the Mayo Clinic

There was interest in supporting additional conferences at MCC, if there was confidence in the steps to improve the overall quality. Another important aspect of creating a more integrated plan to bring new conference business was to determine how the conference would further the overall mission of the Mayo Clinic.

5. The distance of MCC from the Mayo Clinic is a factor, but can be mitigated

There were several comments on the challenge of the distance of the MCC from the Mayo Clinic. There were a wide range of thoughts on how to overcome this challenge. The recommendations ranged from creating structures to more efficiently bridge the distance to creating a convention package that would include having breakout sessions in locations in between the two buildings as well as having sessions and events at the Mayo Clinic.



A successful partnership with the Mayo Clinic is a critical initiative of the Mayo Civic Center. The interviews that were conducted, as well as the conclusions from the Prioritization Session, reinforced this point. SAG makes the following recommendations designed to enhance this partnership in the future.

1. Fully integrate all Mayo Clinic event planners into the Mayo Civic Center booking and coordinating process
 - a. Give the event planners “read-only, real-time” access to the calendar.
 - i. This will give immediate access to the availability of the space. In conjunction with the “highest priority” booking level, all Mayo event planners will have a seamless ability to confirm availability.
 - ii. Create a standard Mayo Clinic template for making a request to have space held for an event. Commit to a four hour turnaround for all space requests.
 - b. Create a standard event request template for all Mayo Clinic event planners that will be easy to use with a guarantee of a maximum two-hour turnaround to finalize space dates and general costs.
 - c. Create a standard Mayo Clinic contract that is pre-approved. This will enable all Mayo Departments to skip the step of having contracts reviewed as part of the booking process.
2. Develop a coordinated Sales and Marketing Plan
 - a. Identify those potential groups that will fit in Rochester and be supported by the Mayo Clinic. This will include understanding the current goals of the Mayo Clinic and how certain groups coming to Rochester will support achieving key milestones.
 - b. Create a committee to review the achievements and develop an annual process for updating the plan.
3. Conduct an annual strategic alignment session
 - a. This session would be designed to bring stakeholders, MCC and RCVB staff, and Mayo leaders together to evaluate new opportunity to align in furthering collective goals.

The development of an ongoing measureable partnership with the Mayo Clinic is an important initiative for future business development. The international recognition of the Mayo Clinic creates the key competitive advantage for Rochester in securing more medical group business.

Stakeholder Relations

SAG met with key stakeholders and gained a further understanding of the opportunities to advance these partnerships in the future.

Rochester Convention and Visitors Bureau



SAG has met with the Mayo Civic Center Staff and the RCVB staff frequently throughout the process. SAG discussed the current relationship between the organizations and it was clear there was a need to improve the overall communication and working relationship. The discussions with Staff, Board Members and Advisory Committee produced the following observations:

1. The leadership of the two organizations do not meet on a regular basis. This creates a challenge in understanding and collaborating on future direction.
2. The leadership of the Mayo Civic Center is an ex-officio member of the CVB board. This is designed to create an open and constructive dialogue. Currently, this type of interaction could improve at RCVB Board meetings.
3. The results of the Mayo Civic Center are not reported nor presented to the RCVB board. The Mayo Civic Center Advisory Board does not receive a consistent packet of information from MCC or RCVB for their meetings. There is information and discussion; however a summary of monthly and year to date results is not consistently presented.
4. The specific results of the RCVB related to citywide business are not reported to the MCC staff or the MCC Advisory Committee.
5. There are no common measurement standards for either organization. The current focus of the MCC staff is on reducing the operating subsidy, while the RCVB is focused on room night generation.

SAG has outlined a new structure for sales and marketing with reporting and communication recommendations. *SAG recommends that these are implemented.* The current relationship between the MCC and the RCVB creates many challenges in determining the most effective overall course of action for both organizations that will maximize agreed upon results. *SAG recommends that a common set of goals are created for both organizations.*

Rochester Chamber of Commerce



SAG met with the leadership of the Rochester Chamber of Commerce (RCC). The RCC expressed concern over the current governance model. There was also concern expressed over the lack of reporting and understanding the current demand and prioritization of events at MCC. It was clear that there are opportunities to develop a more strategic partnership with RCC. The collaboration between a Civic Center and the Chamber of Commerce is vital in both business development and stakeholder communication.

SAG recommends a strategic session be conducted with the RCC to determine the opportunities for future collaboration.

Rochester Downtown Alliance



SAG met with the leadership on the Rochester Downtown Alliance (RDA) to discuss a wide range of topics. The RDA is supportive of the potential expansion of MCC and understands the importance to Downtown Rochester. The RDA expressed interest in reexamining the current governance model. Finally, there was a high degree of interest in participating in the future governance. RDA hasn't been asked to be involved in meetings or committees related to MCC and would like to be included in the future. In conversations with MCC staff, there was mutual interest in participating in RDA committees.

SAG recommends the inclusion of the RDA as an important stakeholder and strategic partner in future efforts.

The Rochester Arts Community



SAG has met with four arts organizations that regularly perform at MCC. The arts organizations understand the importance of MCC as a performance venue. They identified several opportunities to improve their effectiveness at MCC. These included:

1. The ability to directly oversee the concession operations. This would ensure that concessions were available for all performances.
2. Determine the booking priority for arts organizations to have a sense of security once a date is secured with the agreed upon timeframe.
3. Create a plan that addresses the need for the arts community to pay below market rent. This plan would also explore opportunities to reduce other expenses in support of arts programming.
4. Develop a ticketing plan designed to support the unique approach the arts takes related to audience and donor development.
5. Flexibility related to the use of stagehands (IATSE) in their productions.

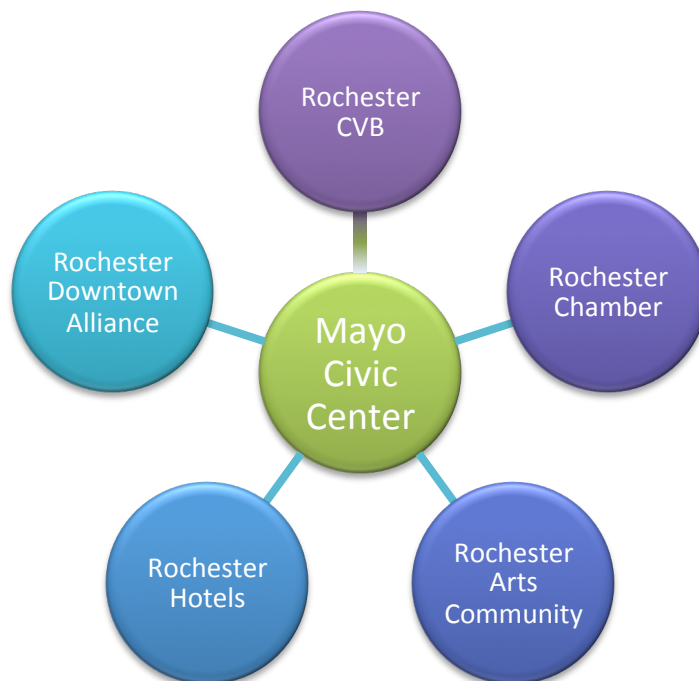
The arts organizations also expressed interest in being involved with the design of the new expansion and the ability to give input on capital improvement items.

SAG recommends a biannual meeting with the arts organization to establish a plan for maximizing their success while maintaining fiscal stability.

The Rochester Hotel Community

SAG spoke with several Rochester hotel operators. The hotel operators were consistent in their interest in seeing the relationship of the RCVB and MCC evolve. They felt that there was a lack of overall accountability for the results at MCC. The service levels were a concern and they understood that this could be due to staffing and infrastructure. They expressed the need to change the standards of service if there is interest in growing convention business. One example was the standards around set-up and refreshing meeting rooms.

The hotel community consistently expressed interest in being involved in the governance of MCC. They also expressed support for the restructuring of the current governance model. The hotel community can be a vital partner in the success of the MCC. A reporting plan with goals and key metrics will help strengthen the integration with Rochester hotels.



SAG recommends creating a stakeholder communication plan that will update key organizations on the results and ongoing development of the MCC and recommends that key stakeholders are included in the revised governance model. This will ensure consistent input and support.

Stakeholder Communications

The following is an outline of a sample stakeholder report and distribution. The goal is to communicate overall MCC results on a monthly basis to a broad base of industry and community stakeholders. This will increase understanding as well as participation in the overall effort.

Distribution:

This report would be sent to all tourism and community stakeholders. These would include:

1. Hotels
2. Mayo Clinic
3. Restaurants
4. Chamber of Commerce
5. Downtown Alliance
6. Elected officials
7. Arts Community
8. Attractions

The communication plan will also begin a new direction in transparency in the success or challenges in converting all types of group business.

Proposed Reports

1. **Monthly Booking Production Report**
The monthly production report will give an overview of the monthly and year-to-date results. This will also include sales production in comparison with overall goals.
2. **Summary MCC Metrics Review**
This will include Revenue, Expenses, and Attendance.
3. **Brief Narrative on Results**
There will be a brief narrative outlining the results and variances in the production table. This will be prepared by MCC Executive Director and RCVB CEO.
4. **Overview of Meetings and Event Economy**
A brief narrative on issues affecting the meetings and event economy.
5. **Highlight Bookings**
This section will feature groups or events that will be featured that are deemed of interest because of size or type.
6. **Future Snapshot - Pace report**
This will give an overview of room night production and future activity.
7. **Narrative on Future years**
This section will be a brief narrative highlighting the opportunities in future years. This will focus on the areas of need.

Physical Plant

SAG reviewed the implications on potential equipment needs in conjunction with the outcome of the Prioritization Session. In conjunction with the MCC staff, the following areas were identified where there were equipment needs to support the overall direction. The focus of these recommendations is short-term investments that will make an impact in the overall experience. *SAG recommends a short term investment to increase the competitiveness of MCC while the advocacy for the expansion continues. These recommendations are examples of short term opportunities.*

Lobby

Portable Lobby Furniture

The ability to create a welcoming environment where convention attendees can congregate and network is an important element of a successful meeting or event. The purchase of portable lobby furniture gives the ability to create different lobby configurations tailored for each large convention or event.

Enhanced Concession Offerings – Lobby Cafe

The purchase of a portable café station that would feature high end coffee and customized food offerings will add a dimension to the service and experience that can be offered. This would create both a revenue stream and an opportunity for attendees to use the public space to network.

Exhibit Halls

Carpeting

Portable, in-house carpeting for the Exhibit Halls, Auditorium, and Arena will give the MCC the ability to enhance the look and feel of these spaces and create a revenue stream or include this in an overall package. This will also increase the flexibility of how the Exhibit Hall can be sold to potential convention clients.

Pipe and Drape

The purchase of pipe and drape to support the layout for exhibitors will create a revenue and service opportunity for the MCC. This will ensure a high quality level in the overall production of a show in the MCC as well as become an in-house service capable of delivering significant revenue.

Meeting Rooms

The functionality of the meeting rooms for breakout sessions and other uses is an important part of selling the MCC to convention and large event planners. Currently, the meeting rooms at the MCC are in need of improved functionality. Some examples of potential improvements include:

- ***Ceiling Mounted Projectors***

Permanent projection equipment will reduce the overall cost of setting up AV in a meeting room. This will also ensure the quality level of the equipment.

- ***Motorized Screens***

This will eliminate the need to bring in portable screens and encourage the use of the meeting space for presentations. This increases the flexibility for meeting room use throughout a convention.

- ***Motorized Blackout Curtains***

Blackout curtains in all of the meeting rooms will increase flexibility for both presentation and the ability to take

advantage of the orientation facing the park. Natural light is an advantage when selling meeting space.

- ***Enhanced Sound Systems***

This will increase the ability to conduct class room style lectures and the overall flexibility of the meeting space.

- ***Improved Lighting systems***

Currently the lighting in the meeting rooms is either on or off. An enhanced system will create multiple lighting options for different meeting requirements.

- ***Enhanced Whiteboards – SMARTBoards***

The enhanced whiteboards will support effective breakout sessions for meetings.

Wayfinding

The current wayfinding system is not effective for larger conventions with multiple breakout sessions throughout the day. An improved system with electronic signage on the meeting rooms will support multiple sessions throughout the day.

Current Box Offices – Future Welcome Centers

The remodeling and expansion of the current box offices to become staffed welcome centers that would also sell tickets will enhance the attendee experience for a convention. The welcome centers would also function as business centers with copiers, computer station and shipping areas for attendees.

This is a sampling of the type of enhancements that SAG recommends in the near future. The estimate of costs for the above items is \$1,050,000. This type of investment will increase the competitive position of MCC in the convention market during the interim period prior to the potential expansion. The best case scenario for the expansion would entail the next three years before completion. If there is no capital investment during this period, the ability to book future conventions could be more difficult.

Conclusion – An Opportunity for Leadership

SAG has received input from a broad spectrum of stakeholders, customers, MCC and RCVB staff, City Administration, and elected officials throughout this process. SAG has also reviewed the practices of Civic and Convention/Civic centers in the region and utilized our experience in creating our recommendations.

SAG has made recommendations that include:

1. A new governance model designed to streamline the reporting relationships, directly support the executive director and broaden the accountability for MCC results.
2. A new sales and marketing structure with new functionality that is designed to maximize current resources and create unified accountability to improve a common set of measurable results.
3. A new standard operating manual designed to create standards that are aligned with a new direction in increasing “highest and best use” events.
4. A new approach to food and beverage that will deliver the services needed for key convention customers, create a uniform quality standard and include local businesses.
5. A new standard for the coordination of events at MCC.
6. A revised organizational chart that allocates new resources in the event planning and technical support areas.
7. A communication plan designed to effectively inform the stakeholder community.
8. A new booking policy that will create clarity and direction for the most impactful utilization of MCC.
9. A short term approach to improving the physical plant that is complementary to the longer term vision of MCC expansion.

SAG’s recommendations are achievable and will create a new direction that is aligned with industry practices, stakeholder feedback, and staff input.

The most important component to the successful implementation is broad-based leadership that is committed to supporting the needed steps. SAG’s meetings throughout this process indicated interest from all stakeholders in participating and supporting a new direction.

With unified committed leadership, SAG is confident the recommendations can be implemented with transformative results.